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NEWS SUMMARY

GENERAL

Hope of Ulster Cabinet fades

Hopes have evaporated for agreement at the constitutional conference on a return of devolved Cabinet-style government in Northern Ireland.

The talks, which continue today and resume next week, will probably narrow down to discussion about the more limited objective of a non-executive legislature, possibly backed up by a committee system.

The slim chance of success was ruled out when main Unionist delegate Ian Paisley insisted that any Cabinet be made up by the Unionists — the majority party. Back Page.

Embassy blast

A consular official was killed and at least eight people injured when two bomb blasts ripped through the Syrian Embassy in Paris. Page 3

EEC Budget bid

THE UK's battle for cuts in its expected £1.2bn net contribution to the EEC Budget moves into its second phase today as the European Commission discusses proposals aimed at a possible solution. Back Page; Britain receives major share of EIB loans, Page 2

Fish catch agreed

EEC Fisheries Ministers made tentative moves towards restoring order to the Community's fishing policy by agreeing a total admissible catch for 1980 allied to monitoring provisions. Back Page

BBC talks fail

All BBC members of the Association of Broadcasting Staff were ordered to stop work as talks failed to settle a dispute over the new Newsnight programme. Page 7

Heart transplant

Heart transplant was given to chiropodist Nigel Olney, 35, of Leighton Buzzard, at Papworth Hospital, Cambridgeshire. The hospital said Mr. Olney had recovered consciousness and was in a good condition.

Stern sues

Property developer William Stern, 44, claimed libel damages in the High Court against chartered accountant Jacques Beaupres for an alleged attack on his honesty and integrity.

Ships collide

Five men were killed and 20 missing after their U.S. coast guard ship collided with a tanker and sank in Tampa Bay off Florida.

Mugabe attack

Robert Mugabe, leader of the ZANU guerrilla party, was castigated as an enemy of black nationalist unity by 62 former ZANU members who returned to Rhodesia on Monday from detention in Mozambique. Page 5

Durante dies

Comedian Jimmy "Schnozzle" Durante, star of films, television and Broadway musicals, died in Los Angeles, aged 86.

Briefly . . .

Queen and Duke of Edinburgh will pay a State visit to Italy from October 14 to 17, which will include a meeting with the Pope.

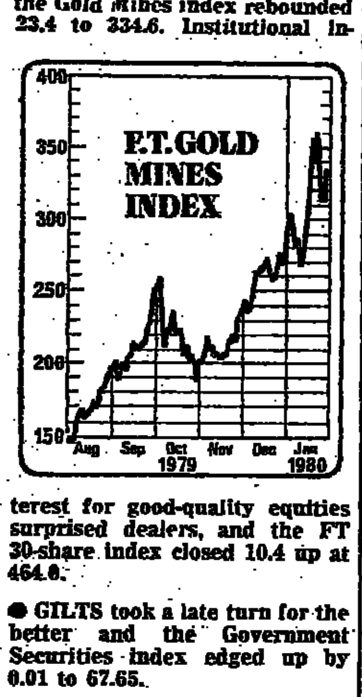
Bomb exploded outside a crowded bar in Bilbao, Spain, seconds after a parcel was thrown in the dustbin.

Paris police easily spotted two men who burgled a city clothing shop. They were wearing all the loot, including 17 jackets.

BUSINESS

Golds up sharply; Sterling improves

● GOLDS registered substantial gains on the rising bullion price, despite late profit-taking, and the Gold Mines index rebounded 23.4 to 334.6. Institutional interest for good-quality equities surprised dealers, and the FT 30-share index closed 10.4 up at 464.0.



● GILTS took a late turn for the better and the Government Securities index edged up by 0.01 to 67.65.

● GOLD rose $35 in London to close at $670, on renewed buying interest.

● STERLING closed at $2.2520, a rise of 35 points, on the announcement of higher Middle East oil prices and probable Bank of England intervention. Its trade weighted index was 71.4 (71.6). DOLLAR traded within a narrow range to close at DM1.7370 (DM1.7385). Its index was 85.0 (85.1).

● WALL STREET was down 10.22 at 868.17 just before the close.

● STOCK Exchange is likely to lose its pending case before the Restrictive Practices Court, according to institutional fund managers interviewed for a Study on Prospects for the Securities Industry. It may mean changes in the exchange's rules. Page 23

● JOHN NOTT, Trade Secretary, said the Government may have to resort to "temporary protectionism" against textile imports. Page 4

● PRICING, not preaching, is the foundation of the Government's policies on energy, says Mr. David Howell, Energy Secretary. Page 27

● OCCIDENTAL has agreed to pay £1.8m more in rates than legally required for its oil-handling terminal on the Orkney island of Flotta. Page 5

● BRITISH RAIL confirmed that it is examining ways of attracting private investment in its subsidiaries, as one method of overcoming cash shortages. Back Page

● BIG increases in the duties on alcohol in the Budget might provide only limited additional tax revenue or even diminishing returns while boosting retail prices, according to a stockbrokers' analysis. Page 27

● BORG-WARNER is to close its automatic transmissions plant at Letchworth, Herts., with the loss of up to 700 jobs. The company says a sharp downturn in orders is responsible. Back Page

COMPANIES

● PRE-TAX profits of Reed International for the third quarter rose from £23m to £29.9m, giving a total at the nine-month stage of £80m (£63.1m). Page 20 and Lex, Back Page

● HONDA, the world's leading motor cycle manufacturer, announced net profits of Y18.58bn ($75m) for the first nine months on sales of Y970.95bn ($3.9bn). Page 26

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES		
Exch. 12¼% 1985	£93¾	+ ½
Blue Circle	288	+ 12
Bowater	176	+ 10
Caffyns	165	+ 19
Daily Mail A	503	+ 21
Eucalyptus	125	+ 15
Finlay (J.)	93	+ 5
Flight Refuelling	239	+ 11
GEC	359	+ 6
Hambros	328	+ 16
I.D.C.	160	+ 22
ICI	389	+ 9
Land Securities	295	+ 11
Leigh Interests	128	+ 12
Lucas Inds.	264	+ 12
Meyer (Mntgue. L.)	88	+ 6
Midland Bank	370	+ 10
Mountview Ests.	122	+ 12
Racal Elec.	241	+ 10
Reed Int.	206	+ 13
Samuel Properties	118	+ 7
Smiths Inds.	222	+ 8
Vickers	136	+ 8
Wardle (B.)	34	+ 5½
BP	362	+ 20
Shell Transport	364	+ 14
Anglo Amer. Gold	£40	+ 2
Cons. Gold Fields	464	+ 17
East Driefontein	£12¼	+ 1¼
General Mining	880	+ 80
Jo'burg Cons.	£29½	+ 2
Marievale	177	+ 18
Welkom	620	+ 57
Western Deep	£18⅞	+ 1⅜
FALLS		
Booker McConnell	278	− 12
Christie-Tyler	68	− 5
Henderson-Kenton	98	− 17
Rosgill	22	− 6
Aran Energy	324	− 22
Spargo's Exploration	33	− 5

Steel union leaders call off strike in private sector

BY CHRISTIAN TYLER

The Iron and Steel Trades Confederation agreed reluctantly last night to comply with the Court of Appeal's ruling that its extension of the steel strike into the private sector must be called off, and picketing of independent producers stopped.

Before last night's decision support for the action against private steelmakers remained very strong as the degree of picketing intensified. In South Wales 39 pickets were arrested after incidents outside a stockholder.

Asked last night whether his members would obey the new union instructions, Mr. Bill Sirs, general secretary of the ISTC, said that his executive had acted as law-abiding citizens.

Decision

"They have even agreed to accept the law of Lord Denning. We have now done what the courts have asked us to do, and under those circumstances the responsibility will not be ours."

The union's national executive made clear that if the court's decision was overturned by the House of Lords the action in sympathy in the private sector could be reimposed.

A decision will be taken on Friday, when the executive committees of the ISTC and its ally in the strike, the National Union of Blastfurnacemen, are expected to meet again.

The Lords appeal committee will decide tomorrow whether to give the union leave to appeal, which was refused by Lord Denning, Master of the Rolls.

If leave is granted, the Lords will hear the case on Friday, and the union hopes to have a verdict the same day.

Meanwhile progress toward getting the ISTC and the Blastfurnacemen back into negotiations with the British Steel Corporation is still very slow, as the strike moves into its fifth week.

Mr. Sirs and Mr. Hector Smith of the Blastfurnacemen are due to meet Mr. Len Murray, TUC general secretary, today to hear what he has to say in his role as mediator.

Mr. Sirs held out little hope that Mr. Murray's report would alter the refusal of the unions to get back into negotiations alongside the smaller craft and general unions.

The outline of BSC's revised offer has been put tothe principal unions and rejected by them, as insufficient to make further negotiation worthwhile.

On the legal dimension, Mr. Sirs said that the final vote of the executive to comply with the law as it stood at present was unanimous.

He admitted that a number of executive members had wanted to defy Lord Denning's order.

He hoped that the private-sector members would obey the countermanding instructions to be sent out by the union.

Spirit

He had some harsh words for the manner in which private-sector steel companies' attempts to secure an injunction had been handled.

Mr. Sirs said: "We are and have always been a union which obeys not only the letter but the spirit of the law. We accept the fact that the law is paramount, because without law there is anarchy.

"We resent most bitterly the partisan approach of the Court of Appeal towards us, and in particular the favoured treatment of the private sector."

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Strike effects, Page 6
Parliament, Page 7

Four Gulf states raise oil price by $2 a barrel

BY RAY DAFTER, ENERGY EDITOR

FOUR Gulf states have followed Saudi Arabia's lead and raised their crude oil prices by about $2 a barrel. The oil industry was concerned last night that the move could trigger a more widespread round of price increases.

Kuwait, Iraq, the United Arab Emirates, and Qatar have each added $2 a barrel to the price of their main crude oil. This follows Saudi Arabia's decision on Monday to increase its Arab light marker crude from $24 to $26 a barrel. In all five cases, the increases will be backdated to January 1.

Saudi Arabia's move was seen in the industry as an attempt to close the pricing gap between its own oil and similar crudes produced by other Gulf states. But those differentials have now been restored, much to the surprise of major oil companies, which had felt it unlikely that other producers would follow the Saudi lead.

There was concern that there could now be another bout of price leapfrogging which was so prevalent at the end of last year.

There was speculation in the industry that Venezuela and Indonesia — regarded to be among the pricing moderates within the Organisation of Petroleum Exporting Countries —might adjust their prices in line with those of the Gulf states.

LATEST REPRESENTATIVE OIL PRICES

	1979 average production (b/d)	Price per barrel
	m	$
Saudi Arabia	9.25	26.00
Iran	2.9	28.50
Kuwait	2.2	27.50
Iraq	3.37	28.00*
Abu Dhabi	1.45	29.60*
Indonesia	1.6	27.50
Venezuela	2.33	28.75
Libya	2.05	34.72†
Nigeria	2.37	29.99
UK	1.57	29.75

* Estimated.
† Includes $1.72 retroactivity charge until March 31, 1980.
Source: Oil & Gas Journal, Petroleum Intelligence Weekly and industry estimates

Oil industry executives questioned whether the more militant pricing members of OPEC—Libya, Algeria, Nigeria and Iran—could justify similar increases for their crude. Crude oil, from these four exporters is already selling at up to $34.72 a barrel under contract arrangements. It was felt in the industry that the so-called hawks might be discouraged by a slackening of demand in the open spot market, where prices have fallen by several dollars a barrel in recent weeks.

As a result of yesterday's announcement the United Arab Emirates Murban crude costs about $29.60 a barrel, and Kuwait's 31 degrees API crude $27.50.

Sheikh Ali Khalifa Al-Sabah, Kuwait's oil minister, said the increase was "in conformity with the principle of equity and fairness in pricing among oil producing states."

It was expected that the new round of increases could add 1p-2p to the wholesale price of oil products if applied across-the-board.

Three of the five producers which have now raised their prices—Saudi Arabia, Kuwait, Iraq—are the main sources of Britain's imported oil. In the first 10 months of 1979 they accounted for 26m tonnes of supplies—about 54 per cent of total imports.

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U.S. oil company profits, Page 25

Lloyd's group sues over leasing

BY JOHN MOORE

LLOYD'S OF LONDON underwriters and 16 insurance companies, including the Guardian Royal Exchange, are seeking a court ruling that $14m (£6.2m) worth of computer leasing insurance contracts are void because the deals are tainted by $2m worth of bribes.

The action has been started in the U.S. district court in Dallas, Texas. It is one of many legal actions in which the Lloyd's market and insurers have been involved following a disastrous series of claims on computer leasing insurances, expected to produce the largest losses Lloyd's has experienced. The latest official estimate of the amount the market could lose is £156m.

Lloyd's underwriters are suing Southwestern Bell Telephone; Intercap Leasing Corporation; Intercap Corporation; B and W Capital Corporation; Richard Reid Wadsworth, Jr.; Irven Eugene Barlow.

The underwriters are seeking a jury trial for the action, which is to be vigorously contested.

The action alleges that Intercap and its principal, Messrs. Barlow and Wadsworth and others acting in concert, paid $2m of bribes to Mr. Raymond Acker, an authorised agent of Southwestern Bell.

Computer leasing insurances were arranged by leasing companies to protect themselves against the early termination of computer leases by their customers before the contract date. If the customers did terminate early, the companies could claim on insurances and cover obligations to financial backers.

When new International Business Machines' models came on the market in 1978, leasing companies found that customers

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Alfred Herbert to trim 700 jobs

By Hazel Duffy, Industrial Correspondent

ALFRED HERBERT, the State-owned machine tool group, announced a major rationalisation programme yesterday which will involve the loss of 700 jobs, most of them in Coventry, and the disposal of some subsidiary companies in the future.

The aim is to concentrate future production on a range of advanced technology machine tools in a sector which constitutes the only growth sector in the machine tool industry.

The National Enterprise Board, which owns Alfred Herbert, made it clear to the company's Board some months ago that it could not expect any more money. In the five years since Herbert was rescued by the State, it has received £43m in public money, £18m of it to pay off pre-nationalisation debts.

Discussions with representatives of the work force about the programme have already begun. The Edgwick plant in Coventry, which will be the focal point for production of the advanced technology machine tools, will lose 200 jobs. Nearly 300 more jobs in Coventry, at Red Lane and Herbert's head office, will also disappear. Overall, the Herbert group has 4,500 employees compared with 12,000 in the late 1960s.

Mr. Peter Rippon, who succeeded Sir John Buckley as chairman of Herbert last autumn, said yesterday: "The programme will re-create the sort of company which Herbert was many years ago, when it was well-known for its high technology machine tools."

The plan will slim down several parts of Herbert, including the de-centralisation of marketing, and gradually disposal of activities which are peripheral to the main business of machine tools. There will also be some re-organisation in overseas companies.

Mr. Rippon admitted that the programme represents a last chance. "Without it, Herbert would be bust, but I think we can keep going as long as we do not suffer severe disruption from strikes by our own employees or outside the group."

He does not anticipate problems with the Herbert workforce in implementing the programme. The minimum statutory redundancy payments will cost about £1m. Mr. Rippon did not say whether these will be topped up.

News Analysis, Page 6

Diplomats escape

SIX U.S. consular staff hiding in the Canadian embassy in Tehran since the U.S. embassy was seized last November, were smuggled out of the country on Monday.

The Americans left Iran on Canadian diplomatic passports. A U.S. official in Washington said the operation was carried out under the cover of a "temporary withdrawal" of Canadian personnel and closing of the embassy because of chaotic conditions in Iran.

Mr. Sadeq Qotbzadeh, Iranian Foreign Minister, when told of the escapes, said: "I don't know anything about this."

Iran softens line on banks

BY FRANCIS GHILES, MICHAEL LAFFERTY AND ANDREW WHITLEY

IRAN HAS been presenting a more conciliatory and positive attitude in its dealings with European banks over the past few weeks. One of the clearest signs of this change of heart was the decision taken earlier this month to renew a substantial dollar deposit with Barclays Bank, London.

The renewal with Barclays is being regarded by leading Western bankers as a significant gesture toward the European banking community, both on banking and political grounds. Just before Christmas the Iranians had notified the major London banks that they wished to withdraw their deposits from London for fear of a freeze following the possibility of UN sanctions requested by the U.S.

Mr. Abol Hassan Bani-Sadr, Iran's President-elect, said immediately after his victory at the polls last weekend that he would work towards closer economic ties with Europe. Mr. Ali Reza Nowbari, the Governor of the Irani central bank, is known to be a close associate of the President-elect and may well have already been putting his views into effect.

London banks seem to expect that the Iranians will go on rolling over existing deposits as they become due for repayment. The big clearing banks had previously refused to accede to Iranian requests that deposits should be unwound and/or transferred to the credit of other countries' banks. The London banks took the view that deposits would only be repaid as they became due.

During the past few weeks, however, Iran has been channelling new deposits to leading Western European banks, particularly French and foreign banks in Paris. These deposits represent Iran's income from foreign oil sales which in the past would have been handled by Chase Manhattan Bank of New York. Most of the funds have been in U.S. dollars, although a small measure of diversification has, according to some bankers, taken place. No new deposits are known to have been placed locally with foreign branches of U.S. banks.

Bankers in London and other European financial centres believe that substantial Iranian deposits are also being placed in the international money market through the Banque Centrale d'Algerie and the Central Bank of Libya. Both of these countries are known to be sympathetic to Iran's new Islamic regime. Mr. Nowbari recently paid a visit to Algeria during which Iran's financial predicament following the U.S. freeze of its assets would have been discussed.

Mr. Nowbari said in Tehran yesterday that Iran was prepared to allow U.S. banks to offset outstanding debts against frozen deposits, provided they had court permission to do so. This represents another concession to banking opinion as Iran had sought to challenge all such off-setting moves through its own court action.

Bankers in London involved with Iran feel a growing return of confidence in Iran's financial responsibility. The Iranian central bank has notified a number of those still owed money by Iranian institutions nationalised last year that it would honour their debts.

Mr. Nowbari said yesterday that Iran will compensate foreign banks for their lost stakes in ventures absorbed into the newly-nationalised banking system. He also said that Iran would honour those debts contracted by the previous Government, as well as those which carried a Government guarantee.

Senior UK bankers said yesterday that European banks were finding it difficult to refuse additional Iranian deposits, particularly because the terms offered were so attractive. They revealed, however, that the British clearing banks had been forced to turn down part of the additional Iranian U.S. dollar deposits in the immediate aftermath of the U.S. freeze to preserve prudent balance-sheet ratios.

Iran banking, Page 26

£ in New York

—	Jan 28	Previous
Spot	$2.2530-2545	$2.2570-2585
1 mth	0.63-0.58 dis	0.61-0.56 dis
3 mths	1.63-1.58 dis	1.66-1.61 dis
12 mths	3.35-3.20 dis	3.40-3.25 dis

Benn's blast blows British diplomatic cool in Brussels

BY JOHN WYLES IN BRUSSELS

THE BRITISH diplomats' mask of imperturbability slipped a little here yesterday at Mr. Anthony's Wedgwood Benn's suggestion that "many, if not most, members of the Foreign Office had become a species of Eurocrat wrapped in a Union Jack."

Reports of Mr. Benn's lecture in London on the role of civil servants caused much spluttering over morning coffee at the UK's representation in a nondescript office block opposite the Berlaymont, the Commission's headquarters.

Printable reaction to his suggestion that members of the FO were "transferring their allegiance from the United Kingdom to the European Community" ranged from "nonsense" to "utterly ridiculous."

Generally, the diplomats felt deserving of a more generous understanding of the efforts expended and diplomatic bruises suffered in their efforts to promote and defend British interests here.

But they do understand how Mr. Benn might have arrived at a "misguided" conclusion which conveniently served a political argument. The Foreign Office is the department responsible for defending and ensuring compliance with Britain's Treaty obligations around the world and this inevitably leads to a certain nagging of home departments about what they can or cannot do in their relations with Brussels.

It also often leads to a recommendation of what they should do since, it is argued here, the Foreign Office must take the broader view of UK interests and sometimes press for concessions in one area in order to make gains elsewhere.

"If the Civil Service has gained in power, then it is the fault of Benn and his friends constantly pushing forward the limits of government," said one diplomat, discarding all pretence of imperturbability.

Britain receives major share of EIB loans

BY GILES MERRITT IN LUXEMBOURG

BRITAIN EMERGED yesterday as one of the main beneficiaries of Community financing through the European Investment Bank, having received more than £500m last year, or on ethird of all the loans made to EEC countries.

A number of major loans to Britain in the areas of energy and industrial employment, soon to be announced, will ensure that the UK's share of EIB lending is maintained in 1980. But officials at the Luxembourg-based bank have made it plain that this form of finance will do little to redress Britain's £1.2bn EEC budget deficit this year.

The long-term EIB loans have a slight interest rate advantage and are often technically attractive to public-sector borrowers in the UK, but such transactions are on capital account and have no bearing on Britain's current deficit with the EEC. Bank officials and that, in any case, there has been no discernible political pressure from the European Commission in Brussels to accelerate EIB funding in the UK.

The only technical solution that the EIB could point to as a means of helping solve the row over Britain's budget contributions was a revision of the EEC regional fund's rules that would enable the UK to step up its demands for soft loans channelled through the bank.

During 1979, Northern Ireland's Kilroot power station received, under special circumstances, a unique 3 per cent EEC interest rate subsidy similar to those being granted to Italy and Ireland for their membership of the European monetary system.

Overall operations by the EIB, which is the Community's long-term financing arm, leapt up last year to top £2bn. That represented a 40 per cent rise on the previous year and was almost double the 1977 total.

The increase reflects the heads of government direction in 1977 that the EIB should accelerate investment in energy and industrial projects and stimulate resource transfers to the weaker Community economies.

On energy, the EIB revealed yesterday that its investments during 1977-79 should eventually save the Community more than 38m tonnes of imported oil a year, equivalent to about 8 per cent of all EEC oil imports last year.

Regarding employment, the bank calculates that, over the past three years, 52,000 jobs have been created and about 24,000 have been safeguarded in existing industries. New projects financed have also created up to 145,000 temporary construction jobs during 1979 and 1980.

The great bulk of EIB funding has been devoted to Community countries—with Italy and its hard-hit Mezzogiorno taking 38 per cent of the 2.58bn European units of account lent in the EEC last year. But funding outside the Nine more than doubled last year to reach 512m EUA loaned to Mediterranean and Lomé Convention countries in Africa and the Caribbean.

£690m to rescue Belgium's steel sector

A total of BFr. 44bn (£680m) is to be pumped into Belgium's steel industry over the next five years in an attempt to restore its profitability, Reuter reports from Brussels. The plan, announced by Mr. William Fraeys, chairman of the steel board, yesterday, was approved by the Government, trade unions and employers on Monday night.

The unions have agreed to a reduction of several thousands in the workforce between now and 1990, through early retirement and natural wastage. About half the BFr 44bn is to go to Belgium's biggest steel company, Cockerill, which will shed 4,000 jobs, more than a third of its workforce.

Moscow expels envoy

The Soviet Union has ordered Mr. Jim Weir, New Zealand's ambassador to Moscow, to leave within a few days, Mr. Brian Talboys, the acting Prime Minister, said yesterday, Reuter reports from Wellington. The Kremlin has also withdrawn its approval of his successor, Mr. Roger Peren, he said. New Zealand last week expelled Mr. Vsevolod Sofinsky, the Soviet ambassador, saying he was personally involved in the transfer of Soviet funds to New Zealand's pro-Moscow Socialist Unity Party.

PLO in Athens

The Greek Government has agreed in principle to the establishment of a Palestine Liberation Organisation office in Athens, writes our Athens correspondent. An official statement was made at the end of a visit to the Greek capital by head of the PLO's political department.

Italian killing

A senior official of a petrochemicals company yesterday became the sixth victim of Italy's extreme left-wing guerrilla violence this year, Reuter reports from Venice. He was Sig. Silvio Gori, 48, technical manager at the Porto Marghera plant of the Montedison chemical group. Sig. Gori was shot dead as he left home for work.

Games boycott threat

Norway's Olympics Committee has warned that Norwegian athletes may boycott the Moscow Olympics, writes Fay Gjester in Oslo. The Russian intervention in Afghanistan, and the banishment of Soviet dissidents, had "created strong reactions in Norwegian sporting circles," the committee said.

VW wage talks

Negotiations over a 10.2 per cent pay claim by Volkswagen's 116,000 workers in West Germany have been adjourned until February 5, a VW spokesman told Reuter in Koenigslutter.

Cossiga in London

Sig. Francesco Cossiga, the Italian Prime Minister, arrived in London yesterday for 24 hours of talks with the British Government. Sig. Cossiga is occupying the presidency of the EEC and Mrs. Margaret Thatcher, the British Prime Minister, is expected to concentrate on the issue of British contributions to the EEC budget. However, the implications of the invasion of Afghanistan were due to be raised;

Danish trade gap

Denmark's trade deficit widened in December to a preliminary DKr 3.09bn (£250m) from November's DKr 1.72bn and DKr 1.28bn in December 1978, the Statistics Bureau said, Reuter reports from Copenhagen.

U.S. grain embargo may hurt Europe says Bonn Minister

BY ROGER BOYES IN BONN

A WEST GERMAN Minister has warned that certain economic sanctions against the Soviet Union could prove to be a double-edged weapon for Europe.

Herr Egon Franke, Minister for Intra-German Affairs, has declared that the U.S. grain embargo against the Soviet Union will significantly hit the East German economy and could thus have serious repercussions on trade between West and East Germany.

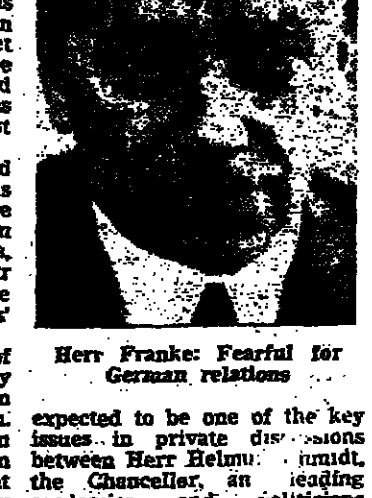
Tension between East and West and the use of sanctions "would certainly undermine the already unstable situation in some East European countries, including East Germany," Herr Franke said in a speech to the West German farmers' association.

Most of the 3m-4m tonnes of grain that East Germany imports annually comes from the U.S. via the Soviet Union. Cutbacks will affect feed grain supplies, leading to a reduction in livestock and probable meat shortages, as well as grain for use in bread and other foodstuffs. U.S. moves to restrict Soviet fishing could also affect basic supplies of protein foodstuffs to East Germany.

All of this is likely to have an impact on trade with West Germany, the Minister made clear. Bonn imports 350,000 tonnes of grain and some 50,000 tonnes of meat annually from East Germany.

The West European dilemma—how to give convincing support for the U.S. in the wake of the Afghanistan invasion, while still maintaining vital contacts with Eastern Europe—was expected to be one of the key issues in private discussions between Herr Helmut Schmidt, the Chancellor, and leading academics and politicians including Dr. Henry Kissinger, the former U.S. Secretary of State, and Mr. Edward Heath, the former British Premier. Mr. Lee Kuan Yew, the Singapore Premier, also took part.

In an interview before the meeting, Dr. Kissinger emphasised that West Germany should not be expected to supply troops for any future NATO task-force aimed at preventing crises outside Europe. Germany's contribution should be economic rather than military and there should be a fair distribution of roles within the Alliance should such a task-force be established.



Herr Franke: Fearful for German relations

Mr. Joergensen: party backs decision

Petrol up again in W. Germany

BY ROGER BOYES IN BONN

TWO LEADING West German oil companies have announced a further rise in the price of petrol—the second in 10 days. Esso's West German subsidiary and Chevron Germany both stress also that these increases do not take account of the latest rise in the price of crude from Saudi Arabia, West Germany's most important supplier.

The moves come amid mounting criticism from energy-dependent industries about the pricing policies of the oil companies. The chemical industry this week has been particularly critical of the big increases in the price of naphtha which, according to Dr. Karl Walmser, head of the Chemicals Federation, seems to have lost touch with the actual increases in the cost of crude.

The latest petrol price increases roughly align Esso and Chevron with the rest of the market, though Dr. Wolfgang Oehme, head of Esso Germany, says that his company's petrol will probably be more costly than that of Aral and BP.

Esso announced a rise of 4 pfennigs per litre last week which was somewhat below the 6-7 pfennigs per litre (on four star and regular) declared at the same time by Deutsche Shell. Chevron Deutschland, which last week increased its petrol prices by 5 pfennigs, is pushing up its price by a further 3 pfennigs a litre from the end of this month. Esso, which has not disclosed the amount involved, will also raise its prices at the weekend.

All the oil companies stress that their profits amount to only 1-2 pfennigs per litre and that much of their income is being ploughed back into projects which benefit the economy as a whole. Deutsche Shell, the West German subsidiary of the Royal Dutch-Shell group, this week announced plans for a DM 500m (£130m) catalytic heavy oil conversion plant which will create 100 jobs and Esso is also planning capital expenditure of DM 600m in 1980.

West German petrol prices—four star will cost about DM 1.15 per litre (about £1.33 per gallon) by the end of the week—are well above those in Britain but are still cheaper than in most EEC countries and Switzerland.

Spain urges new hotel price system

By Robert Graham in Madrid

THE SPANISH Government is encouraging hotel owners to adopt a two-tier price system this year differentiating sharply between low and high seasons.

In the low and medium season, prices are expected to be pegged at or near 1979 levels. While for the July and August peak months prices will rise around 15 per cent. The Ministry of Commerce and Tourism is advising hoteliers against pushing prices during these two months above the annual inflation rate.

The new approach aims to establish some order without interfering too widely with the free market pricing initiated last year. At the same time, the Government wants to redistribute the flow of tourists and ease pressure on the two peak months.

By affectively penalising people who wish to holiday in July and August, the hope is that travel agencies will point out the advantages of visiting Spain during off-peak months.

Last year, according to figures just released, 38.9m people visited Spain—1m less than 1978. The figure includes emmigrant Spaniards holidaying in Spain and if this is excluded the drop becomes more marked. The fall in visits was attributed in part to increased prices, which in some instances rose over 40 per cent. Against this, tourist earnings rose to £445m to just over £2.7bn in the first 11 months last year.

A feature was the increase in the number of Spaniards holidaying abroad. Foreign currency purchases by Spaniards for travel abroad rose 63 per cent to £382m in the first 11 months last year—when 16.8m Spaniards went abroad, although 8.5m of these left for less than 24 hours, crossing into Andorra to take advantage of its duty-free status. The net balance of tourist earnings in the first 11 months was 13 per cent up, at £2.3bn.

Officials have pointed out that until last year Spain's net tourist earnings exceeded payments for the purchase of crude oil. The trend has been reversed and now net tourist earnings will only cover half the oil bill.

Denmark postpones N-power

By William Dullforce in Stockholm

THE MINORITY Social-Democrat Government in Denmark has decided to postpone indefinitely the introduction of nuclear power.

The decision, first approved in the Social Democrat parliamentary group and then by the Government's planning committee, was taken on the initiative of Mr. Anker Joergensen, the Prime Minister.

It departs from an agreement the Social Democrats made with their former coalition partners, the Liberals, in August last year to re-examine the nuclear issue this year and possibly to put the matter to a national referendum in 1981.

It has aroused strong complaints from the Liberals and Conservatives, but Mr. Joergensen appears to have a secure majority for his new non-nuclear policy in the Folketing (parliament).

Nuclear energy was one of the four primary fuel sources included in the long-term energy policy tabled by the Government in 1976. The others were oil, dependence on which was to be reduced, natural gas from the North Sea and coal.

The Social Democrats found several reasons for their decision last week to drop the nuclear alternative but among the strongest was undoubtedly the resurgence of anti-nuclear sentiment among the Danish public after the accident last year at the Three Mile Island reactor in the U.S.

Moreover, oil and gas from the Danish part of the North Sea is now expected to provide some 30 per cent of the country's energy requirements by the second half of this decade.

French step up coal investment

BY TERRY DODSWORTH IN PARIS

THE NATIONALISED French coal group, Charbonnages de France, is embarking on a programme of heavy investment aimed at checking the industry's decline in France and increasing its overseas production interests.

This change in direction for Charbonnages follows a Government decision to encourage the role of coal in diversifying energy sources. Electricity production from coal is being stepped up steadily, and will be increased still further by a new FFr 2.5bn (£280m) coal-fired power station which has just been ordered, for commissioning in 1985.

Charbonnages is aiming to raise FFr 1bn for its development projects with the issue in the next few days of a 15-year bond at an interest rate of 12.6 per cent. But the group will also continue to rely for part of its financing on state subsidies, which reached FFr 2.3bn last year, and are expected to amount to more than FFr 2bn this year.

Overseas, the group is aiming to sign a deal this week which will give it a 5 per cent stake in a Canadian coal mine in British Columbia.

Unions split over Soviet invasion

BY DAVID WHITE IN PARIS

CONTROVERSY OVER the French Communist party's pro-Soviet position on Afghanistan has split the union movement at a time when it is trying to step up joint action against the Government's economic policy.

A meeting yesterday evening between the heads of the two biggest unions, M. Georges Seguy, Communist leader of the CGT, and M. Edmond Maire, Socialist-leaning leader of the CFDT, was overshadowed by the issue.

The two men agreed in September on a limited joint programme of protests and stoppages. But their joint front on issues such as the reduction of working hours has become bogged down once more in political differences.

M. Maire has accused the Communist party, in which M. Seguy is one of the principal figures, of "ruining for a long time the possibility of a united Left in France."

At a meeting of the CFDT's national committee he said that the uinons would seek ways of working together on immediate industrial issues, but that their co-operation would no longer be based on broader aspirations.

The CGT's attitude on Afghanistan, he said, was a fundamental obstacle to union action.

A CGT mission, returning from a week's visit to Kabul, said that Afghan workers approved of the Soviet intervention and that most people were "going about their normal business" and were "satisfied with the change in regime."

The Interior Ministry in Kabul had told them that Soviet troops had not participated in fighting against rebels and would not do so. Comparing the previous Amin government to Pol Pot's Khmer Rouge regime in Kampuchea, the CGT envoys said a Soviet withdrawal would create a grave danger for the country.

M. Maire's sharp anti-Communist statements were echoed by M. André Henry, leader of the powerful teachers' union, the FEN, which has a large Communist minority. Speaking at the union's congress in Toulouse, M. Henry said that, by backing Moscow over Afghanistan, the Communists threatened "to destroy what what might have remained of the Left's hopes" after the latter's demoralising election defeat two years ago.

Turkey negotiating $190m bridging loan from banks

BY OUR FOREIGN STAFF

UNION BANK of Switzerland and Citibank are negotiating to provide a $190m one-month bridging loan to the Turkish Government, according to bankers in Turkey.

The Turks are seeking the loan until funds totalling about $220m which are due from the International Monetary Fund (IMF) become available. The rate discussed is 14.5 per cent.

Last July Turkey reached a stand-by agreement with the IMF for 250m SDR (£145m). The second draw down was due in November but had been blocked—because until last week the Turkish Government had not taken the measures necessary to keep close to the targets set out in the original letter of intent.

The IMF has indicated that it will now allow the second draw down, though for technical reasons the money will not be available until the Executive Board of the IMF mets next month.

Arranging the bridging loan has proved a complex mechanical process, but reports from Ankara say that this is being completed.

According to one report the IMF money to be made available is made up of $92.4m under the supplementary financing facility, the so-called Witteveen Fund, and about $130m under normal credit tranches.

Once Turkey's relations with the IMF are formally corrected Turkey will be able to draw down on other loans signed last year.

The fall of the Ecevit Government and the political problems of the new Demirel Government had delayed the economic package necessary to keep Turkey close to its original letter of intent, but the measures were finally announced last week.

Iceland leader threatens non-parliamentary rule

BY JON MAGNUSSON

DR. KRISTJAN ELDJARN, the Icelandic President, has threatened to form a non-parliamentary government if the country's political leaders cannot agree on a power-sharing system within the next 10 to 12 days.

Iceland has faced a series of political crises since the autumn, when the three party left-wing coalition Government collapsed over economic issues. Leaders of the four main political parties have since taken turns to try to form a majority government without success.

Latest to try was Mr. Benedikt Grondal, the leader of the Social Democrats and the present Prime Minister of the minority caretaker Government, but his attempts were no more successful than the others.

In the past two days Dr. Eldjarn has talked privately with the political leaders and he followed up the discussions with an ultimatum that if they do not form a Government to end the crisis within the next few days, he would.

Dr. Eldjarn has indicated that his government would consist of bankers and Government officials. It is known, however, that the political leaders are strongly against a non-parliamentary government.

Angola move angers Lisbon

By Jimmy Burns in Lisbon

PORTUGAL'S relations with her former colony Angola have deteriorated following the Angolan government's decision to nationalise remaining Portuguese-owned shares in the Angolan diamond company Diamang.

In a strongly-worded statement the Portuguese centre right government yesterday accused the Angolan authorities of creating "a new dispute at a time when broad prospects are opening up for co-operation

The Portuguese government has retaliated by nationalising Angolan government shares in the Portuguese Dialap diamond cutting company in Lisbon.

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Europe's unions chip away at the 40-hour working week

BY BRIAN GROOM

FEW DEMANDS provoke such stiff resistance from employers as those for a 35-hour or 36-hour week. Since the European Trade Union Confederation's (ETUC) executive settled on this aim in 1977, noses have been bloodied on both sides in a few, well publicised battles.

The 18-nation confederation's current campaign, launched last May, for a 10 per cent cut in working time without loss of pay makes clear there are other means which can help towards it: annual holidays can be extended to six weeks, the right to a full pension achieved at 60, or the school leaving age raised to 16 where it is lower and leave for vocational training and further education extended.

Not all union federations push hard for the shorter week, according to the ETUC. Some favour complying with existing provisions and restricting overtime, although in the long term they support the demand. However, many see the call for a shorter week as urgent.

Belgium is the front-runner. The effective maximum is 40 hours, though in reality the average is nearer 37. Even so, the unions (and employers) last year rejected a government package which would have cut the official week to the long-desired 36 hours by 1982 and made many companies hire 1 per cent more workers a year for two years.

The unions would not agree to a wage freeze in real terms which was part of the deal. Now unions are trying to cut hours in piecemeal negotiations, against the background of a tripartite "declaration of intent" which promises a maximum 38-hour week by the end of 1980.

Mr. Terry Duffy, president of Britain's Amalgamated Union of Engineering Workers, was applauded by the International Metalworkers' Foundation last year after 1½m UK engineering workers won a 39-hour week from November, 1981.

In Italy many workers in the public sector and in banks, insurance, telecommunications and transport have average hours below 40. Last year's wage round also brought cuts in working time for metal, textile, building and chemical workers.

The European employers' most celebrated success came early in 1979, when a six-and-a-half wek steel strike by IG-Metall in West Germany ended without a "first step" towards a general 35-hour week being conceded, although extra holidays and free shifts were won. This helped Dutch employers beat off a similar claim by metalworkers three months later.

WORKING TIME IN THE EEC

	Hours by collective agreement 1979	Actual weekly hours (industry) 1977	% workers doing 45 hours or more 1977	Weeks annual holiday 1979*
Belgium	40	37.1	7.2	4
Denmark	40	40†	9.4	5
W. Germany	40	42.1	13.7	4-5.4
France	40	41.4	25.2	4
Ireland	40	42.7	20.3	3
Italy	36-40	41.1	15.2	(min.) 4
Luxembourg	38.6-40	39.5	8.1	5
Netherlands	40	41.1	11.4	4-4.6
Britain	37.5-40	42.3	18.4	3-4

* By legislation or collective agreement
† Approx.

Sources: ETUI, EEC, ILO

If, as many unions claim, unemployment is the main catalyst in their campaign, a predicted rise of 700,000 jobless this year in the EEC will keep up the pressure.

A few developments are already under way in 1980. In France, talks between unions and employers on working hours broke down early in January after 20 months of discussion, with two of the union federations sticking to the principle of weekly hours and rejecting the employers' proposal for a flexible system of anual working-hour quotas.

Many unions throughout Europe are distrustful of this tactic, believing employers will use it to organise hours as they please and avoid daily or weekly maxima.

Britain's Trades Union Congress is so confident of developments this year that it is publishing progress reports on the campaign for reduced working time. One of the three chemical industry unions has now joined the queue.

Moves in the EEC towards a Community policy on annual working hours have, however, been too cautious for the Confederation, which complained last October that the European Commission's paper on the subject was "largely inadequate." The ETUC wants agreement across Europe on reducing hours, to counter employers' arguments that concessions would damage their own country's competitiveness.

Employers use the competition argument in most cases, adding that even if hours were reduced uniformly in Europe there would still be competition from such countries as Japan and the U.S.

In the Netherlands last year, metal sector employers (and others) argued with some success, that, as their counterparts in West Germany, the Netherland's largest trading partner, had not conceded a shorter week, it would be suicidal for Dutch industry to go it alone.

Most unions have pursued reduced hours as a means of dealing with unemployment and, in the long term, with the effect of new technology. But employers in most countries have argued that damage to competitiveness could wipe out employment gains and even, in some cases, put more on the dole. Shortages of the right workers may make it impossible to fill the vacancies, the employers say.

Unions are sensitive to the charge that reduced nominal hours increase overtime. Actual hours worked, they admit, have tended to come down more slowly than nominal hours, especially since 1974.

Figures are not wholly to be trusted because they are calculated in different ways in different countries, but the European Trade Union Institute has itself commented that between 1975 and 1977 actual hours appear even to have increased in Ireland, West Germany and Britain. Consequently, many federations seek stricter limits on overtime.

Breaches of the standard 40-hour week have taken place in some sectors in some countries, the unions say, and the skies have not fallen in. They also point out that reduced hours actually encourage employers to invest in new technology, and that workers are themselves more efficient in a short working day. But if productivity increased greatly when hours were reduced, then obviously not so many new jobs would be created.

Some federations, mainly where unemployment is low, seek a cut simply because more leisure is desired. Automation in the past has produced monotonous production line jobs and increased the desire for more leisure time, which in turn has created the need for more automation.

New technology which aims to cut out routine tasks may break this cycle, but it is difficult to see the trend of expectations being halted.

The demand for reduced hours is a hardy perennial. The very first convention adopted by the International Labour Organisation in 1919 set the goal of a 48-hour week. Even if progress goes slowly in Europe now on the 35-hour week, concessions are almost certain to be made on holidays, retirement and perhaps annual hours. Their economic impact will depend on whether general improvements in productivity can absorb them.

Russia fails to win Syrian support for Afghan action

BY OUR FOREIGN STAFF

RUSSIAN hopes of a diplomatic gain in the Arab world to offset the growing chorus of protest against the invasion of Afghanistan were dashed yesterday when Mr. Andrei Gromyko, the Soviet Foreign Minister, left Damascus empty-handed at the end of a three-day visit.

Mr. Gromyko spent five hours with President Hafez Assad yesterday, but clearly failed to secure the Syrian leader's open backing for the Soviet move.

This leaves the Soviet Union with only the small Marxist outpost of South Yemen supporting the invasion of Afghanistan among the states of the Middle East.

Mr. Gromyko's failure to gain Syrian support reinforces the embarrassment caused by the condemnation of the Soviet invasion at the Islamabad Conference of Islamic states, which was strongly supported by the Arab countries.

It also underscores the fact that the Soviet Union has failed over a number of years to get *any substantive return for its* considerable political, economic and military investment in the Arab world.

President Assad—a threatened regime

Mr. Gromyko is nevertheless reported to have confirmed that the Soviet Union is willing to increase both the level and quality of its military aid to *Syria as part of the two* countries' joint opposition to the U.S.-backed peace treaty between Israel and Egypt.

President Assad is faced with a delicate situation in asking for Soviet support at this time. His 10-year-old regime is being increasingly undermined by Islamic fundamentalists and members of the majority Sunni sect, who see their formerly predominant position in Syria being eroded.

A number of Soviet technicians were recently attacked and killed in Syria. The government blamed the deaths on the extremist Moslem Brotherhood, who have also been accused of a number of other killings, including the massacre of over 50 army cadets in Aleppo last year.

On the other hand the Camp David peace treaty has taken the steam out of Arab opposition to Israel and left Syria increasingly isolated. President Assad undoubtedly has misgivings about relying too heavily on Russian support. But Syria's continued military commitment in the Lebanon and its economic problems at home may be pushing the Syrian leader in a direction in which he might otherwise not wish to go.

Israelis reject autonomy scheme

By David Lennon in Tel Aviv

ISRAEL yesterday rejected the Egyptian plan for Palestinian autonomy on the West Bank of the Jordan and in the Gaza Strip during a meeting of working groups from the two countries. Dr. Haim Kubersky, head of the Israeli team, denounced the Egyptian proposal as a model for a Palestinian state.

As Egypt rejected the **Israeli model when it was tabled two weeks ago, both sides are now looking to Mr. Sol Linowitz, the U.S. Middle East envoy, to break the deadlock when the full ministerial autonomy teams meet here tomorrow.**

Mr. Linowitz arrived in Tel Aviv from Cairo yesterday. He is to meet with Mr. Menahem Begin, the Prime Minister, and other senior Ministers

On arrival, the envoy said he was convinced that there would be real progress in the negotiations despite the difficulties. U.S. officials said that their country would be playing a more active role in the talks and had started presenting its own ideas to the sides which should speed up the discussions.

The mayors of towns on the West Bank announced yesterday that they would not meet Mr. Linowitz because they reject the whole autonomy concept. But the mayor of Gaza, who recently met Mr. Yasser Arafat, the leader of the Palestine Liberation Organisation, said that he might be willing to meet the U.S. envoy.

Meanwhile, Israeli families yesterday began evacuating the controversial Eilon Moreh settlement on the West Bank. They are moving to a new site a few miles away.

Islamic summit treads delicate path

BY RICHARD JOHNS, MIDDLE EAST EDITOR

THE first extraordinary meeting of Islamic states in a decade has ended with a delicate compromise which condemns the Soviet incursion into Afghanistan but carefully avoids a fundamental commitment to either superpower.

The conference, called initially to discuss the month-old invasion of Afghanistan, soon broadened to cover a range of major issues of vital concern to the main participants.

The hard-line Arab states present used the occasion to pursue their unrelenting campaign against the U.S.-sponsored peace treaty between Israel and Egypt.

Iran, predictably, concentrated its efforts on pursuing its own obsessive preoccupation with American sanctions aimed at securing the release of the hostages at the U.S. Embassy in Tehran.

In the end the states present were able to forge an alliance of interests based on the common perception that the Afghanistan crisis could not be treated in isolation and that the two superpowers—so far as the Third World is concerned—were in the dock before the same tribunal.

The final outcome reflects hard-fought exchanges in which condemnation of the Soviet Union and any measures taken against it are counterbalanced by warnings to the U.S. over its own role in the Middle East.

The scales eventually weighed down heavily against the Soviet Union and the U.S. emerged relatively unscathed. The result could be seen as something of a triumph for Saudi Arabia and Iraq, while Pakistan, the host and the country in the region most vitally affected by the Soviet presence across its border, had cause for relief.

The game had to be played strictly within a non-aligned context. Apart from anything else, *Islam is essentially about* consensus and community. Nearly all its members, even the wealthy oil producers, feel themselves to be part of the Third World, and all but Turkey are technically non-aligned. For the conservative Arab states of the Gulf and Jordan, an even-handed approach was essential. All are desperately anxious to maintain the solid front opposing the Camp David peace process. They believe that the U.S. bears a major responsibility for not having brought about Israeli withdrawal from occupied territories, or using its influence to satisfy Palestinian aspirations. It was equally important to bring in Iran, the champion of Islamic revolution but a major source of instability in the region.

The initial refusal of the members of the "Arab Steadfastness Front" and Iran to attend was a blow.

The reason initially given was that the proposed date of the opening coincided with the start to the normalisation of relations between Egypt and Israel. But it was clear that the Arab militants did not want to offend the Soviet Union and were under pressure from Moscow not to attend a conference which was bound to end in some kind of embarrassing condemnation of the Afghan *intervention.*

One resolution applied equally to both Russia and the U.S. That was the one condemning "foreign pressures on certain Islamic states" from superpowers and "great powers" (meaning France and Britain) and warning against the region's being made into an arena of conflict as a result of their rivalries. It was seen as urging both the U.S. and the Soviet Union to keep out of the Indian Ocean and Arabian Sea.

By contrast the main resolution condemning the Soviet Union's occupation of Afghanistan and calling on it to withdraw its forces, not only used unrestrained language of a kind that paid little respect to those anxious not to offend Moscow but also won their support.

All agreed to give the Communist regime in Kabul no aid until Russian troops withdrew, and though the language here was toned down, it pledged aid to refugees and, by implication, the Afghan resistance. Eleven members eventually dissociated themselves from the call to consider pulling out of the Moscow Olympic Games.

Somalia was encouraged to introduce its own resolution, denouncing "the presence of military forces of the Soviet Union and some of its allies in the Horn of Africa," and calling for their unconditional withdrawal.

Although every Islamic conference has condemned Israel and Zionism, the peace treaty with Cairo resulted in a resolution to extend the provisions of the Arab boycott to Egypt. This was put on the agenda as a gesture to the "Steadfastness Front" and is expected to have little practical effect.

Iran duly obtained its resolution on "external pressures" by the U.S., But it was a pale shadow of the original draft. It declared the conference's "firm opposition to any threat or use of force or any kind of intimidation or imposition of economic sanctions," but against this was offset the wish that Iran and the U.S. "would resolve the outstanding problems between them by peaceful means."

Earlier Iraq had been outspokenly critical of Iran's flouting of international norms and went *so* far as to suggest that it had brought sanctions upon itself.

Broadly speaking the summit was, therefore, contained to the original issue. For the Islamic Conference and the countries which it represents, the meeting notwithstanding the strains and differences, signalled a new solidarity in the face of the biggest challenge to the Moslem world since the end of colonial era.

Another blow to Sadat's hopes

BY ROGER MATTHEWS IN CAIRO

THE INTENSIFIED boycott of Egypt which the Islamic Conference approved yesterday is a further blow to President Anwar Sadat's policies and his desire, supported by the United States, to weld the Gulf states into a western-led bulwark against Soviet expansion.

It will also damage Egypt's chances of developing closer ties with some African and non-aligned countries. That has become one of Mr Sadat's main foreign policy aims since the Arab boycott which followed his signing of the peace treaty with Israel.

Mr. Sadat's hopes that the Soviet invasion of Afghanistan and events in Iran would prompt some rapprochement between Egypt and its critics have thus suffered another setback which lends fresh urgency to the need for progress on the Palestinian and Jerusalem issues.

Only with some significant changes by Israel in its attitude towards autonomy for Palestinians living on the West Bank of the Jordan in the Gaza Strip do Foreign Ministry officials in Cairo see any chance of Egypt's regaining what Mr. Sadat described on Monday as "the unquestioned leadership of the Islamic and Arab world."

Egypt had hoped that the Islamic Conference would content itself with reaffirming last year's decision to suspend Cairo's membership, but instead faces the prospect of non-Middle Eastern countries withdrawing their ambassadors and reducing or cutting trade links.

Bomb shatters Paris Embassy

PARIS—One person was killed and at least eight injured when two bomb blasts ripped through the Syrian Embassy here yesterday.

The dead man was later named as Mr. Marwan Mamamy, a consular official. Among the injured *were five women* Embassy employees, including three French women and two Syrians.

The bombs went off almost simultaneously on two floors of the Embassy building, situated in the 16th Arrondissement.

Witnesses said the first *exploded on the first floor* near the offices of the Ambassador and the Consul and the second struck the ground floor. The building, which is surmounted by a forest of communications antennae, was seriously damaged.

The blasts came on the eve of a visit to Paris by Mr. Abdel Halim Khaddam, the Syrian Deputy Prime Minister and Foreign Minister, who is to have talks with French leaders. Asked if he thought the attack might be connected with the Minister's visit, Dr. Issam *Hayani, the Embassy Minister,* said: "Perhaps, perhaps."

The attack was the first on Arab diplomatic premises in Paris since July, 1978, when two gunmen claiming to be members of a special task force on the Palestine Liberation Organisation (PLO) took several hostages *at the Iraqi embassy.*

One gunman escaped but the second was wounded by embassy guards who also killed a Paris police officer in a shoot-out. An embassy guard was killed by the police.

Three Iraqi diplomats were arrested and expelled, and three days *after the attack, two* pro-Iraqi Palestinians killed Mr. Ezzedine Kalak, the PLO *mission chief in Paris, in his* offices.

Mr. Zohair Mohsen, the head of the PLO's military department, who also directed the *pro-Syrian Saiqa guerrilla* organisation, was shot in the head and later died while on a French Riviera holiday last summer. A Lebanese national was arrested in Switzerland in connection with the shooting.

Earlier this month the Lebanese director of a militant *Arab bookshop in Paris* was killed by a lone gunman and a Rejection Front group claimed responsibility from Kuwait for the shooting. The PLO in Beirut accused both Israeli intelligence agents and pro-Iraqi Palestinians of responsibility.
Reuter

Ohira sends envoy to Mideast

BY CHARLES SMITH, FAR EAST EDITOR, IN TOKYO

JAPAN'S Prime Minister, Mr. Masayoshi Ohira, is to send a special emissary to the Middle East to express Japanese solidarity with the Islamic world following recent events in Afghanistan. The emissary will be Mr. Sunao Sonoda, Foreign Minister in the last two Cabinets.

News of the plan emerged during questioning in the Japanese Diet on Monday. Mr. Sonoda accepted the task yesterday on condition that his discussions with Middle East Governments should not be confined to oil problems.

The Government has yet to decide which countries Mr. Sonoda should visit. It seems likely, however, that he will be going to Saudi Arabia, the United Arab Emirates and Kuwait. Iran will be included if the problem of the U.S. hostages has been settled in time.

Foreign Ministry officials say Mr. Ohira has been anxious to visit the Middle East but could not fit the trip into his timetable. The idea of sending a special emissary for the Prime Minister dates from before the Soviet intervention in Afghanistan but began to be considered much more seriously afterwards.

Japan says that there is an evident need for the countries of west Asia to cope with the political and strategic situation that has arisen after the Afghan affair. Japan would like to help them do this, but is unable, officials stress, to make any military contribution to the region's security.

It can provide economic aid and express support for the region's foreign policy objectives. Mr. Sonoda will do the second of these things while collecting information on ways in which Japan can make a more positive contribution.

Giscard and Gandhi in accord

BY K. K. SHARMA IN NEW DELHI

PRESIDENT Giscard d'Estaing *of France* has achieved a major foreign policy success during *his state visit to India. A communique signed* yesterday at the end of his discussions with Mrs. Indira Gandhi shows close agreement particularly in their assessment of the Soviet invasion of Afghanistan.

In the communique the two countries call for "scrupulous respect" *for the sovereignty* of all countries and for their right to determine their own destinies. This is thought to be an implicit reference to Afghanistan.

The leaders appeal to all nations, "particularly the powerful ones" to recognise *deterioration in international* relations and to make efforts to avert it. They plan to follow up this statement at a diplomatic level in the U.S. and Soviet Union and among their respective neighbours. They will also hold periodic consultations

India has recently changed its pro-Soviet position on Afghanistan and now calls for a withdrawal of troops by the Russians. The French agree with this stand and evidently agree with India that stronger measures aimed at compelling the Soviet Union to withdraw *will not resolve the issue. Both* feel that diplomatic pressure will be more affective

Indian officials are particularly happy over the outcome of President Giscard's visit, since France is thought to follow an independent policy line which is not entirely western in its assessment of events in India and in south Asia as a whole. President Giscard flew from Delhi to Bombay yesterday and will return to France on Thursday.

Rival forces mobilise in Lebanon

By Ihsan Hijazi in Beirut

TENSION mounted in southern Lebanon yesterday as rival forces ordered full mobilisation. Israel increased its air and sea activity and artillery duels intensified.

A report by state-run Radio Lebanon that Israeli tanks and armour had crossed the border and taken up positions inside the Christian-dominated enclave was not confirmed by United Nations officials in the area.

But Israeli gunboats were sighted off Tyre and jets flew reconnaissance flights over most of the southern sector. The Israelis said they were keeping a close watch on Syrian military moves in Lebanon.

Syrian troops serving with the Arab League deterrent force withdrew *from their positions in* south Lebanon last week and regrouped in the Bekaa Valley to guard against what the Syrians described as "a possible Israeli surprise attack."

Israeli-backed Christian militias under Major Saad Haddad, United Nations forces and Palestinian guerrillas all ordered full alerts yesterday as artillery exchanges between the guerrillas and the militias worsened.

According to Press reports, Israeli gunboats bombarded the village of Opaileh about 12 miles south of Tyre. The right-wing Press said Lebanon was in danger of being caught in a war between Syria and Israel.

Freed detainees could damage Mugabe vote

BY BRIDGET BLOOM AND MARK WEBSTER IN SALISBURY

THE GLOVES came off in Rhodesia's election campaign yesterday when Mr. Robert Mugaba, leader of the guerrilla party ZANU (PF) was castigated as an enemy of black nationalist unity, the leader of a "narrow-minded and selfish clique" and a man who showed an "inordinate lust for power."

The attack came at a Press conference given by the group of 62 former members of ZANU who returned from detention in Mozambique on Monday.

The spokesman of the group, Mr. Rugare Gumbo, former ZANU secretary for information, accused Mr. Mugabe of being a "master of intrigue" who "with his henchmen, had been responsible for the removal" of many "brilliant" commanders of the ZANU military movement.

The language used by the group, who were detained at varying times between 1974-75 and 1978, is the most intemperate yet used in the campaign for the British-supervised elections *due to be held on February* 27-29.

But the chief interest in the group is its likely political future. Some observers believe that if the 10 key men on the platform yesterday were to stand for election they could tip the balance against Mr. Mugabe's party.

The 10 men, who include Mr. Henry Hamadziripi, former ZANU secretary for manpower planning; Mr. Mukudzei Mudzi, former secretary for foreign affairs, and four other former members of the ZANU central committee, did not disclose their intentions. But competition for their support between the two major parties and some of the minor ones who are opposing ZANU (PF) is intense.

All the men are Karanga, from Victoria province. It was at one time thought that Mr. Mugabe's party would carry nearly all the 11 seats allotted to the province. But if the released detainees decide to stand either for Mr. Nkomo's Patriotic Front, or for Bishop Abel Muzorewa's United African National Council, observers believe they might undermine the Mugabe vote.

If they were to decide to stand for a number of parties, and three have already been nominated for the Karanga-based Zimbabwe National Front, the harm inflicted on ZANU (PF) would be very much less.

ZANU (PF) officials maintain that they are unworried by the return of the detainees. But the decision of Lord Soames, the Governor, to allow the men to stand for election if they want to, even though the formal deadline for nomination passed 10 days ago, is seen as an anti-ZANU move.

U.S. diplomats smuggled out of Iran

BY ANDREW WHITLEY IN LONDON AND SIMON HENDERSON IN TEHRAN

WESTERN diplomats in the Iranian capital, Tehran, pulled off a major coup on Monday when they succeeded in smuggling a number of their American colleagues out of the country under the guise of closing down the Canadian embassy.

Half a dozen American diplomats and their wives who evaded capture when their embassy was taken over by militant Islamic students on November 4, were later kept hidden in Tehran, moving from one safe house to another.

Disclosing the escape, U.S. officials in Washington said yesterday that they took refuge in the Canadian mission when their colleagues were taken hostage. Fifty Americans, including at least two non-diplomats, are believed to be still in the U.S. embassy.

Three others, including Mr. Bruce Laingen, the U.S. chargé d'affaires, are still in the Iranian Foreign Ministry, where they took refuge. They are effectively under detention as well.

Over the past few days Western diplomats made their preparations to get the six out, reportedly with the aid of Canadian diplomatic passports stamped with forged Iranian diplomatic visas.

On Monday Canada announced that it was temporarily suspending the operations of its Tehran embassy and withdrawing Mr. Ken Taylor, the ambassador, and the only other remaining member of his diplomatic staff.

Bruce Laingen ... still detained in Tehran

The others had been progressively withdrawn in recent weeks.

The difficulties involved in conducting normal business and security considerations were cited as reasons for the move. However, Iranians say that Canada was in fact getting quite a lot of business and had received many inquiries from students wishing to go to Canada.

It was learnt yesterday that Canada has been looking after U.S. and Israeli diplomatic interests in Iran.

The news of the Canadians' "coup" caught the Iranians by complete surprise. The Foreign Ministry said the Canadian embassy staff had left Iran without its knowledge. Reporters who went to the embassy found it closed and padlocked.

The unusual nature of the ambassador's departure was shown by the fact that he did not call on the Iranian Foreign Ministry to say goodbye, as protocol demands, and did not even let friends know he was leaving.

In taking this daring step to get their American colleagues out, the Western diplomatic community in Tehran is taking a calculated risk that the action might backfire on them in a number of ways. First, the conditions of the remaining American hostages, and the possibility of securing their release, may be worsened.

The students holding the embassy confirmed for the first time yesterday that they are holding the six or seven Americans noted as "missing" at the time of the Christian clergymen's visit to the embassy over Christmas. These are the men considered as prime suspects in any "spy trial."

The other risks involved are of harassment for those Canadians still in Iran by militants angry at the way in which the Americans had slipped their net; and of tighter restrictions on the diplomatic community as a whole.

Miss Flora MacDonald said on Monday that Mr. Cyrus Vance, the U.S. Secretary of State, had thanked Canada for its support.

Kennedy seeks fairness on Chappaquiddick

BY JUREK MARTIN, U.S. EDITOR IN WASHINGTON

SENATOR Edward Kennedy has made a dramatic attempt to confront the problem of Chappaquiddick, a hindrance to the success of his presidential campaign. On Monday night, he preceded a 30-minute paid political broadcast on television stations in New England, mostly consisting of a repeat of his earlier policy speech at Georgetown University, with what he desribed as "a personal comment" on the accident in 1969 in which Mary Jo Kopechne lost her life.

He said he realised that many people did not believe his account of the accident "but my testimony is the only truth I can tell, because that is the way it happened.

"I also feel in my conscience," he went on, "the loss of Mary Jo Kopechne's life and the failure to report the accident immediately. I carry that burden with sorrow and regret. Nothing is more difficult when you know you alone are responsible for the loss of a young life and all that it means to have deprived someone of so many future years."

Mr. Kennedy said he was not seeking forgiveness for his transgression, but asked his audience to apply "the American standard of fairness" in determining whether this rendered him unfit for the highest office in the land.

Thus in the space of one day, Senator Kennedy laid his soul bare to the public: on the one hand, without budging an inch from his position that the full story of Chappaquiddick has been told, a contention challenged in several recent Press articles, he has assumed "responsibilty" for it: on the other hand in the Georgetown speech, he has unequivocally taken up the tattered liberal banner in domestic policies.

The White House reaction to the Georgetown speech was elicited from a somewhat reluctant Mr. Jody Powell, the Press secretary, who commented that the Iowa caucuses had driven Mr. Ronald Reagan to the Right and Senator Kennedy to the Left."

This is not in dispute. It is indeed a gamble for the senator to pursue the liberal cause with such fervour at a time when the national mood towards economic and social policies has taken such a conservative turn. In effect, the Carter strategists need no longer try to portray Mr. Kennedy as a disguised liberal because he has clearly come out of the closet.

His specific recommendations on Monday — most notably immediate wage and price controls, immediate petrol rationing, and fervent opposition to renewal of the draft — drew the warm approbation of such progressive politicians as Congressman Morris Udall of Arizona and Senator George McGovern of South Dakota, themselves leaders of the liberal cause in the 1976 and 1972 elections.

Moreover, on both domestic and foreign policy, Senator Kennedy has issued an open invitation to President Carter to come and debate the issues, with no holds barred. If the President sidesteps this challenge, the senator is warning him he runs the risk of losing the allegiance of those traditional democratic elements, the blacks, the poor and the working class, who were so instrumental in putting Mr. Carter in the White House in 1976.

Uphill climb for New York bonds

By David Lascelles in New York

NEW YORK CITY still faces a long uphill climb in its efforts to re-enter the bond markets on its own account, Mayor Edward Koch told the Senate Banking Committee yesterday that the city's rating at the two major credit rating agencies, Moody's and Standard and Poor's, would have to improve before the city could be considered a sound investment.

At the moment, Moody's rates New York BAA which means that New York City bonds would be viewed as speculative rather than investment grade suitable for institutions. Standard and Poor's has yet to renew its rating.

However, Mayor Koch repeated his pledge to try to bring the city's budget into balance in fiscal 1981, one year ahead of the deadline set by the federal loan guarantee programme which saved the city in 1978. He added: "A truly balanced city budget one year ahead of schedule should accelerate the process of re-evaluating the city's bonds."

On Monday, both the credit rating agencies told the banking committee that there had been no clear improving trend in the city's finances, and that more time would be needed before the rating could be upgraded.

Brazil, Argentina to sign N-pact

BY DIANA SMITH IN BRASILIA

BRAZIL is to sign a nuclear energy co-operation agreement with Argentina, Admiral Castro Madero, President of the Argentina Nuclear Energy Commission, confirmed yesterday.

The co-operation, according to Admiral Madero, will be "effective and selective" and is likely to cover nuclear physics and chemistry, uranium prospecting, production and processing, manufacture of nuclear fuel elements and exchange of information and experience in management of large projects, such as nuclear reactors.

Admiral Madero said in Brasilia that he considered the co-operation would have "enormous impact on Latin America's relations with the rest of the world."

Above all he felt the agreement would "put an end to arguments used by industrialised nations to deny technical assistance to countries like Argentina and Brazil, because these countries imagine we are embarked on a nuclear arms race and that our rivalry endangers world peace."

He maintained that the refusal of Argentina and Brazil to sign the Nuclear Non-proliferation Treaty was justified because the treaty was "discriminatory." "That does not mean that, united, we envisage bellicose nuclear programmes," he said. "We simply do not agree to being treated differently: we believe all countries are equal and, in any case, we are against nuclear proliferation and dissemination of atomic weapons."

Chicago schools closed for second day

BY STEWART FLEMING IN NEW YORK

SCHOOL for 450,000 children in Chicago was closed yesterday as, for the second consecutive day, their teachers refused to turn up for work because they have not been paid for up to four weeks.

But there were fresh hopes raised that the fiscal crisis which has bankrupted the Chicago school system may be moving towards a solution as a result of a vote in the city council yesterday approving proposals under which the city would borrow $225m to help fund its operating deficit.

Teachers' leaders are expressing hopes that with this decision taken, they may be paid on Friday and can then return to work. But, indicative of the uncertainties which still remain, most of the teachers stayed away from school yesterday. The schools remained theoretically open however, to continue to qualify for federal and state finance.

School financing problems have surfaced in several major U.S. cities in recent months, including New York, Cincinnati and Cleveland.

TAX CHANGES PROPOSED

Peru aims for larger share of oil companies' profits

BY DOREEN GILLESPIE IN LIMA

PERU is negotiating with the U.S. oil corporations Occidental Petroleum and Belco Petroleum in an effort to change existing joint production contracts in Peru's favour.

Occidental has been operating in Peru since 1971, and Belco since 1960. Together they produce a large proportion of the country's 200,000 barrels a day (b/d) output of crude oil. Occidental supplies more than 100,000 b/d from fields developed over the past eight years in the Amazon jungle, while Belco produces some 30,000 b/d from offshore operations.

Peru argues that increasing oil prices have meant that the companies' profitability is far greater than expected when the contracts were signed. The contention is that the Peruvian Government and Petroperu, the state petroleum company, should get a larger proportion of the profits.

Under new terms which the Government outlined in laws published in early December and mid-January, the oil companies will in future have to pay income taxes on remittances from their share of the oil.

The new laws authorise Petroperu to renegotiate its five current oil contracts — three with Occidental and two with Belco. Also involved are Bridas Exploraciones y Produccion of Argentina, which partners Occidental in a secondary operation contract on the north-west coast, and Tenneco and Union, both of the U.S., which are in a joint venture in one of Belco's two offshore blocks.

Sr. Javier Silva Ruete

The companies must not only pay taxes from their share of the oil, they will have to pay in kind, handing 40 per cent of the value of their monthly sales in oil to Petroperu. The oil is to be valued at the average price companies have received each month. In addition, the law is retroactive to 1978 and 1979 — creating what one oil man calls a "horrible precedent."

Occidental estimates that the new income tax law could require it to pay about $13m for 1978 and $97m for 1979.

Sr Javier Silva Ruete, the Economy and Finance Minister, says the decree is not really retroactive because the oil companies have not yet filed their income tax statements for 1978 and 1979.

The Government has given the companies until April 30 to file income tax statements and pay any taxes outstanding on their 1978 and 1979 operations. Other key issues are the way production is split and projected price escalation clauses. Oil companies are expected to ask for more than the 50 per cent share of the oil they take in present contracts in order to compensate for payment of taxes. Peru would like to see the production split renegotiated so that it is Peru which increases its 50 per cent share.

Although the negotiations should be completed before April 30 to meet the tax deadline, their timing of the talks means they will probably become a political issue in the forthcoming elections—something the Government wanted to avoid by calling for renegotiations early in December.

The elections, due to be held on May 18, is expected to replace the military government which took power in October of 1968.

Sweden and U.S. plan to build commuter aircraft

BY WILLIAM DULLFORCE IN STOCKHOLM

SAAB-SCANIA of Sweden and Fairchild Industries of the U.S. will build a 30-seat commuter airliner in the first joint project of the kind between a European and a U.S. aircraft company.

The companies estimate the potential market for the short-haul aircraft to be more than 2,000, of which almost half would be sold in the U.S. Saab and Fairchild believe they are well placed to take the first bite at this market.

Similar projects have been discussed in France, Italy, Canada and Brazil, but no firm programmes have been announced. Saab and Fairchild have been conducting technical and market studies for the past six months, and signed a development, production and marketing agreement in Stockholm on Friday.

They have a low-wing, twin turbo-prop design, which Saab described yesterday as "a highly economical aircraft for the 1980s and 1990s." It will have a cruising speed of 300 miles an hour, a range with full load of 800 miles, and will carry at least 30 passengers.

The companies plan to have a prototype flying by late 1982, and are promising the first delivery in early 1984. Share of work and investment are still under discussion, but the aircraft will be finally assembled in Sweden.

It is not yet clear who will supply the engines. The leading contenders are Pratt and Whitney, Canada, General Electric and Garrett of the U.S. Further details of the project will be released towards the end of February, according to Mr. Hans G. Andersson, information director at Saab's aerospace division.

Saab's participation will be backed by Swedish state loans. A special government team last week recommended a SKr675m (£72m) support package to enable the Swedish aircraft industry to switch from military to civil production.

Saab is expected to receive a substantial part of this sum for the airliner, but the company stressed yesterday that it was borrowing on "business terms."

Saab and Fairchild calculate that the market for commuter aircraft, linking airfields not served by big airlines' long-range flights, is expanding rapidly in the U.S. and Europe.

The U.S. Federal Aviation Administration recently eased regulations, allowing more independent airlines to exploit this market.

Fairchild is the leading supplier of turbo-prop commuter aircraft. Its president, Mr. John F. Dealy, foresees a "substantial need" for an efficient, high-performance aircraft larger than the 19-passenger Metro II built by its subsidiary Swearingen Aviation of San Antonio, Texas.

Some 85-90 per cent of Saab's output now goes to the Swedish Air Force. Economies in Swedish defence spending are making it difficult for Saab to keep its aircraft research and development staff.

The aircraft will provide work for 400 engineers at peak development, while some 500 assembly workers would work on production.

But, Saab stressed, the agreement did not obviate the need for a new military project. Sweden's commander-in-chief is scheduled to give his opinion on Friday on the Air Force's request that a new light trainer/attack aircraft be ordered from Saab.

Mr. John Nott: advocating "temporary protectionism"

Nott warns of possible move on HK imports

By Anthony Rowley in Hong Kong

MR. JOHN NOTT, the British Trade Secretary, warned businessmen here that the UK Government would probably have to resort to "temporary protectionism" against textile imports from Honk Kong and elsewhere because of growing unemployment in the home industry.

The Minister, who is on a tour of certain South East Asian nations, said in a speech that the UK would soon be considering what agreements should succeed the present Multi-fibre Arrangement (MFA) in textiles.

This assessment would be made against a background of a falling UK market for textile goods, changes in fashion and technology and the loss of a quarter of a million jobs in the industry during the 1970s.

"With the penetration of the UK market in some sensitive areas now running as high as 80 per cent, imports are clearl ya major factor," he said.

Continued "management" of textile imports would, thus, be necessary and, in the light of growing unemployment "it might be necessary to soften hardship and ease change with subsidies or temporary protection."

Mr. Nott assured Hong Kong, whose economy is still largely dependent upon mainly cotton textile exports, that the European Community was "not likely" to seek revisions of arrangements already negotiated under the MFA as "some other trading partners" had. This was a clear dig at the U.S., which is currently seeking to renegotiate textile arrangements with Hong Kong.

E. German £12m order for UK

BADALEX, the precision engineering company in the Sale Tilney Group, has won orders valued at £12m from the East German concern of Industrieanlagen Import.

The contract calls from Badalex to supply automatic lamp-making equipment, specifically for automobile lighting assemblies such as halogen headlamps, stop lamps and stop-tail lamps. The order also includes machines for the manufacture of decorative lamps.

The export contract was one of several announced by British concerns. The others are:

- Reliance Mercury, a £1m contract from the Port of Singapore to supply 44 Mark 2 heavy-duty tractors;
- Plessey Control, a contract from the Cyprus Ministry of Communications, to supply traffic control equipment at 38 intersections in Nicosia and Limassol. The equipment includes tungsten-halogen signals and Tyle 99X controllers;
- British Ropeway Engineering, a £300,000 contract from China Hsin Cement of Taiwan, to increase the capacity of a limestone-carrying ropeway to 3m tonnes a year from 2m tonnes a year. The ropeway in service was installed by BRECO in 1975 and is about 20,000 feet long.

Swiss clothing imports up 12%

By John Wicks in Zurich

SWISS CLOTHING imports rose by 12.8 per cent last year to reach a record level of SwFr 1.94bn (£533m). This was due largely to increased deliveries by West Germany and Italy, already the biggest single supplier to the Swiss market with a combined market share of 40 per cent of imports.

Imports from Asia, which caused the industry serious concern a few years ago, remained unchanged at only 13 per cent of the 1979 figure.

At the same time, Swiss exports of clothing went up slightly to some SwFr 538m (£146m). The value per kilo of these sales to foreign markets was almost 50 per cent higher than the corresponding average for imports. Sales to West Germany, the major export market, rose by 12 per cent to SwFr 245m, or 46 per cent of the total.

All Nippon picks GE engines

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

GENERAL ELECTRIC of the U.S. has won the $150m (£66.8m) contract to instal its new advanced high-technology CF6-80 engine into the fleet of Boeing 767 twin-engined airliners ordered by All Nippon Airways of Japan.

This deal follows last week's victory by GE's rival, Pratt and Whitney, who won the $100m contract to put its JT9D-7R4D engines into the fleet of ten Boeing 767s (with ten on option) ordered by Trans World Airlines.

ANA has ordered 25 Boeing 767s, with an option on another 15. First deliveries with the GE engines will be made in early 1983.

The GE CF6-80 series is the latest development of that company's "big thrust" engine, capable of power outputs between 48,000 lbs thrust and 52,000 lbs thrust. Further developments of the engine can take it up to 58,000 lbs thrust.

The latest order for General Electric for engines for the 767 follows other big orders for its CF6-80 from American and Delta Airlines of the U.S.

Pratt and Whitney has won the engine orders for the 767s ordered by United, Air Canada and Pacific Western Airlines, as well as TWA.

Although Rolls-Royce, with its Dash 535 version of the RB-211, is in the smaller of Boeing's new jet airliners, the 757, it has not so far won a contract to instal the RB 211-524 in the Boeing 767, although that engine is on offer to world airlines.

- Airbus Industrie is negotiating possible sales with two undisclosed Yugoslavian airlines. Further sales are also being discussed with airlines in Western Europe and North America.

Air France increasing activities in the Gulf

BY ADRIAN DICKS IN ABU DHABI

AIR FRANCE has taken a large step towards extending activities in the Gulf with the official opening here this week of the Meridien Hotel.

The airline has also increased its flights from Paris to Abu Dhabi to eight a week, and has introduced the long-range A-300 B4-200 version of the European Airbus on the route.

The two moves are seen by Air France and local businessmen as part of a long-term strategy to strengthen French political influence and business interests in the Gulf. France is already the second most important purchaser of Abu Dhabi oil, according to French officials here.

Finance for the Meridien Hotel has been provided by the Abu Dhabi Government through the Abu Dhabi National Hotels Company, as part of its $250m development programme, which will also take in new operations by the Sheraton, Ramada and Intercontinental chains. Mr. Nasser al Nowais, chairman of the Abu Dhabi National Hotels Company, said the first shares would be sold to the public this year.

Meridien, the Air France subsidiary, is providing technical assistance, staff training, management and marketing services. The group hopes the hotel will achieve occupancy rates as high as 65 to 70 per cent in 1980. Meridien already operates hotels in Cairo, Khartoum, Damascus, Sharjar and Jeddah, and will open others in Kuwait and Dhahran.

The British Courtaulds group has supplied complete interior furnishings for the new hotel.

Poland plans to broaden oil suppliers

WARSAW — Poland plans to increase oil imports from Arab, African and Latin American suppliers, Mr. Antoni Karas, the Deputy Foreign Trade Minister, said yesterday.

Mr. Karas added that Poland imported 3.5m tonnes of oil last year from Iraq, Iran, Algeria, Libya and Nigeria. This represented 20 per cent of the total imports, the rest coming from the Soviet Union.

- Iran has banned the import of luxury goods such as cosmetics, toys and glass chandeliers in its drive for economic self-sufficiency, the Bandad Newspaper reported in Tehran. The ban, which was imposed from January 22, forbids the registration of orders and opening of letters of credit for the prohibited goods from that date.

Agencies.

Turkey bid to lure oil companies

BY METIN MUNIR IN ANKARA

THE GOVERNMENT has announced new incentives to attract foreign and Turkish companies to oil prospecting in Turkey.

This is part of a new drive by Mr. Suleyman Demirel, Turkey's free-enterprise Prime Minister, to attract foreign investments.

Turkey has less foreign capital than any other developing country.

It has probably been hit worse than any other country in the world from the increase in oil prices, and is obliged to put aside all its export earnings to meet its oil bill.

"Mobilising all resources, foreign and domestic, for oil prospecting has been designated a national goal," according to a new decree.

Under this decree, all regions of Turkey—including those at present under licence by the State-owned Turkish Petroleum Company (TPC) — where "prospecting activities are deemed to be insufficient," will be opened to new prospectors.

Companies which strike oil will be allowed to retain 35 per cent of the crude they extract to export on the spot market, or elsewhere. The rest will go towards meeting local demand.

'Think small' message on China

BY COLINA MACDOUGALL

"THINK SMALL" was the main message of the British Agricultural Export Council's seminar yesterday on co-operating in China's agricultural development.

With China's shortage of foreign exchange and its inability to cope with complex administrative problems, limited schemes seem most likely to be accepted.

The Chinese have three main agricultural policies, the seminar was told, and one may use European technology, according to Mr. Hew Watt, an agricultural expert who has twice visited China. These policies are for improving prairie land in the north-east, for which they have already imported U.S. equipment, developing suburban agriculture where Japanese technology will be used, and spreading modern forms of irrigation and new grain varieties in the central plains, for which they will come to Europe.

Another main agricultural priority is the development of animal husbandry, Mr. T. J. Arnott, overseas manager of the Milk Marketing Board, commented.

In this area, British advisers and suppliers have a role to play since Chinese grasslands are virtually unexploited. Chinese livestock is, by Western standards, poorly developed.

Toyota signs UK sales accord

BY KENNETH GOODING

TOYOTA, the largest of the Japanese car makers, has just signed a further agreement with its British distributor, Toyota GB, an Inchcape group subsidiary.

Mr. John Pride, managing director of Toyota GB, said yesterday that the new agreement, to replace the previous one which ended in December last year, is a long-term arrangement. He would give no details but suggested it would last more than five years.

Toyota GB sold more than 32,000 vehicles last year, and the 1980 results depend upon the outcome of this week's talks about the continuation of voluntary restrictions on car shipments from Japan.

Mr. Pride said he believed the Japanese hoped to be able to maintain unit sales in the UK this year, at the 1979 level rather than restrict themselves to last year's 10.6 per cent market share.

If this resulted in an increase in market share to perhaps 12.5 per cent that could not be considered irresponsible.

Mr. Pride made it clear he was not in favour of a return to a free-for-all in Japanese car imports to the UK. But he expects the voluntary restrictions gradually to be eased from 1981 onwards.

John Griffiths adds: Renault's 19-year-old "4" model, total production of which is expected to top 6m units later this year, should get a new lease of life in the UK with the launch today of a larger-engined version claimed to substantially improve petrol consumption. The 4GTL is powered by the 1100 cc engine fitted to basic models of the modern Renault 14 range, against one of 845 cc in the cheapest Renault 4. Fuel consumption in urban driving is claimed to be 44.8 miles per gallon.

ITV 2 operators face £25m early loss

BY ARTHUR SANDLES

THE fourth television channel —ITV 2—could make a loss of £25m in its early years and television franchise holders in the new Independent Television contract areas face a daunting first year of operation, Mr. William Brown, chairman of the Independent Television Companies Association and managing director of Scottish Television, forecast yesterday.

A few days ago the Independent Broadcasting Authority produced details of new contract areas and published projected prices for both rental fees and subscriptions towards the running of the fourth channel. The rental fees, in particular, are considerably higher than many had expected.

"All over Britain in the last few days, calculators have been glowing red-hot as finance controllers, existing and aspiring, have done their sums and then have probably done them again in the hope that they were wrong the first time," Mr. Brown told a Broadcasting Press Guild lunch in London. "The answers they are getting make sobering reading."

No one expected to create a television service on the cheap. But what the announcement had emphasised was that the run-up costs were to be formidable.

"In the period of some months, when heavy investment in both hardware and software is being made without any income from advertising, a very substantial sum of money must be found."

Mr. Brown said that in 1982, television industry profits, before levy, would be reduced from around £110m to £40m. After levy, they would be reduced from £45m to £20m.

Legislation

Legislation covering the setting up of the fourth channel is expected early next week. There have been rumours that this might involve the changing of the present television levy system from one geared to profits to one based on turn-over. According to Mr. Brown, the fourth channel was "simply not on" if this change was made.

When asked if this meant that the TV companies would not reapply for contracts if the fourth channel were a condition of those contracts, he replied that it would lead to the IBA rethinking its sums.

It is in the interests of present franchise holders to paint a bleak financial picture in order to deter the enthusiasms of possible rival bidders. Nonetheless, the IBA demands have certainly sent a cold shiver through some board rooms. The contract periods are for six years, which may be extended to seven by the new Bill. Any investor would thus have a relatively short time in which to make a reasonable return.

"In the first full year of operation, the predictions are that the channel will cost a net £20m to £25m and an improvement in that figure in subsequent years will depend on the buoyancy of advertising and on the channel managements' ability to contain costs," Mr. Brown said.

In discussing the structure of the fourth channel, Mr. Brown said: "The companies do not believe that the two schedules can have a totally separate and independent existence. There must, in reality, be some kind of co-operation if we are to keep any sort of competitive stance with the BBC and pursue sensible co-ordination between the two ITV services.

Companies 'likely to stop preferring' chartered accountants

BY MICHAEL DIXON, EDUCATION CORRESPONDENT

A warning that industry and commerce are likely to stop preferring chartered accountants for jobs in financial management, is given today by a group of seven industrial finance directors who are themselves chartered accountants.

To resist growing competition for such jobs from business-school graduates and other types of accountants, the chartered institutes must stop restricting membership to people trained almost entirely in a professional accountancy practice, says the report, by a working party of The 100 Group of Chartered Accountants.

The institutes should approve, as soon as is practicable, training schemis in selected industrial and commercial companies as an alternative route to the chartered qualification.

This proposal conflicts with a training plan issued only last week by the education and training directorate of the Institute of Chartered Accountants in England and Wales, which is by far the biggest accountancy body in the UK.

While the directorate's plan suggested major changes in examinations, it insisted that training for membership should still be largely confined to practising firms of chartered accountants.

But the seven industrial financial directors argue that big professional firms—which provide the bulk of training for new members—will be obliged to concentrate increasingly on specialised auditing procedures under pressure from the Government, the European Commission, and other external factors.

As a result, professional firms will become a less suitale training ground for financial management in industrial and commercial companies. Those will, therefore, increasingly develop their own training schemes, perhaps in association with business schools and the Cost and Management and Certified accountancy bodies.

The same process, the financial directors say, "may make the training in a professional accounting firm much less attractive to a graduate wishing to obtain a general financial grounding."

Training with professional firms affiliated to the England and Wales Chartered Institute now accounts for about one in every 10 university graduates going directly into regular employment of all kinsd in the UK.

Training and Development of Finance Managers for Industry and Commerce; The 100 Group (38, Finsbury Square, London EC2A 1PX); £5.

Improved safety at nuclear plants

By David Fishlock, Science Editor

NO NUCLEAR accident classifiable as a "dangerous occurrence" under the nuclear regulations took place at any of Britain's 11 Magnox nuclear power stations during 1977 and 1978.

But four workers at British Nuclear Fuels' Windscale factory received more than the permitted 5 rems of radiation a year in 1978. There were three such cases the previous year. There were six overdoses in 1976 and 36 in 1975.

This is disclosed by Mr. Ronald Gausden, the Government's chief nuclear inspector, in the Health and Safety Executive's bi-annual report on nuclear establishments.

Mr. Gausden pays tribute to the "excellent record maintained by the generating boards" and to the "overall improvements" which have been maintained in the plants of British Nuclear Fuels, especially the Windscale factory.

No one employed at any British nuclear power station received more than the permitted 5 rems of radiation per year during 1977 or 1978.

The Nuclear Installations Inspectorate recovered half the cost of its operations, £1.375m out of total costs of rather more than £2.5m from nuclear licensees in the year ending April, 1978.

Mr. Gausden says the period under review has been one of frustration because the inspectorate has been unable to recruit all the staff it needs. He cites two particular problems.

First, the possibility that most of the Health and Safety Executive would be moving from London to Bootle, Merseyside, produced "strong reactions" from most of his inspectors.

Second, conditions and salaries for inspectors have become "much more attractive" in other nuclear organisations, such as the generating boards and the nuclear companies.

Health and Safety: Nuclear Establishments 1977-78, HM Stationery Office, £1.25.

Need for new pits 'not established'

BY MARTIN DICKSON

A SUSTAINED and detailed attack on the National Coal Board's plan to mine in the Vale of Belvoir got under way yesterday when Leicestershire County Council opened the objectors' case before a public inquiry.

Sir Frank Layfield, counsel for the council, told the inquiry at Stoke Rochford Hall, near Grantham, that the board had not proved the economic need for the three new pits it wants to sink in the scenically attractive vale.

The start of the evidence from the council, which is strongly opposed to the development, marks a new stage in the inquiry, which has been running for 40 days. The council is the first of many groups which do not want the Belvoir development to go ahead to give evidence.

Sir Frank said the scale and effect of the Belvoir scheme would be so large and so serious that it was a paramount requirement that the need be proved. "No single case since the end of the Second World War has been the subject of a planning inquiry where the proposals in question have so great an impact on the English countryside," he said.

The dominant issue in the inquiry was whether there was a national economic need for Belvoir coal. Haing now heard the NCB's case for development, Sir Frank was convinced that this was "quite inadequately founded."

The Coal Board's application had to be set against the various forecasts of Britain's future energy demands. A senior official from the Department of Energy had told the inquiry that its assessment of Britain's needs in the year 2000 had fallen from 500m to 600m tonnes of coal equivalent about two years ago to 445m to 510m tonnes in July last year.

Sir Frank said be would have expected this fall to have been reflected in the NCB's assessment of coal needs, but this had not been the case.

There were two sides to the question of economic need. The first was what problems would there be if permission to mine Belvoir coal was not granted. But the inquiry also needed to take into account the economic and environmental dangers if approval was granted.

Sir Frank said Department of Energy estimates showed that coal consumption in power stations would start to decline in the 1990s—just when Belvoir would become operational.

Yet the Coal Board's case for the project had been made on the basis of the need for power station coal, he said.

Turning to environmental issues, Sir Frank said the Vale was "one of the few areas remaining in Southern England so remarkably unspoilt.' The Belvoir project would be a totally "alien growth," and would result in major agricultural losses—up to 1,550 hectares might be taken out of production, while drainage of 2,250 hectares could be affected by subsidence.

The particularly controversial NCB plan to build large spoil pits on the sites of its three mines was in itself "a good reason for refusing the project at the very outset."

The council's first witness, Professor Colin Robinson, of the University of Surrey, said the crucial issue at the inquiry was the future price of British coal.

There seemed an argument for leaving the coal under the ground for the time being since it was likely to be an appreciating asset. The Coal Board's arguments for haste in reaching a decision on Belvoir coal were, therefore, unconvincing, Prof. Robinson said.

Occidental agrees to pay higher rates for Flotta oil terminal

BY JOHN GRIFFITHS

THE OCCIDENTAL North Sea consortium and Orkney Islands Council have signed an agreement under which Occidental will pay about £1.8m more in rates this year than legally required on its oil-handling terminal on the island of Flotta.

Occidental is waiving its right to a lower rates bill, won when it appealed against its original assessment soon after oil started flowing to the Flotta terminal from the company's Piper field in 1977.

Occidental argued that because the Flotta plant separates gas from the 430,000 barrels of oil received each day, it is a process plant rather than a storage depot as originally designated. Under a 50-year-old law, process plant qualifies for a 50 per cent derating.

The local rating assessment panel upheld Occidental's argument. This was confirmed on appeal to Edinburgh, even though gas separation is a relatively minor part of the terminal's function.

Two factors combined to produce the change of stance by Occidental leading to this week's agreement. First, it spent considerable effort and money to gain acceptance among the islanders—its public relations exercise included free wiring for electricity in all homes on Flotta and the gift of a £6,000 grand piano to the local academy. The rating challenge appeared to threaten its good neighbour policy.

Second, Orkney Islands Council last year compensated for its "lost" revenue by doubling the Orkney rate demand to £1 in the £1, and handing a 45p in the £ rebate to islanders.

The agreement provides for the 50 per cent reduction to continue to be applied to the processing plant itself. This, however, represents only about a quarter of the terminal's rateable value. The precise proportion is still being worked out.

The agreement's effect is that Occidental is likely to pay about £4.8m in rates this year, against about £3m under the terms won at its rating appeal.

The three-year-old saga has been watched closely by the Shetland Islands Council and the BP-led consortium of 32 companies developing the much larger oil-handling terminal at Sullom Voe.

Pension fund buys an American forest

BY RICHARD MOONEY

A BRITISH pension fund has invested several million dollars in buying a U.S. forest.

Economic Forestry Group negotiated the deal for the fund which, it said, prefers to remain anonymous. The group believes this is the first time a UK pension fund has invested in overseas forestry. It expects the investment to be expanded substantially later.

Institutional investors, attracted by the combination of land and timber, two commodities whose prices have consistently beaten inflation in recent years, have shown increasing interest in forestry. The group estimates that up to 20 pension funds have holdings in UK forests.

But with only about £20m worth of British forest land being offered for sale each year the UK market is too small to satisfy the enormous investment potential of these institutions.

Investment in forestry is a long-term proposition, so the political and economic stability of the country in question is a crucial consideration. On this basis the U.S. offers an ideal alternative to domestic investment, especially in the southern states where the growth rate is faster and environmental objections are less strident.

The deal negotiated by Economic Forestry Group involves land in Georgia.

Barclays face race protest

BY JAMES McDONALD

ANTI-APARTHEID demonstrations will be held today outside Barclays Bank branches in 20 British cities as a protest against the bank's intended purchase of shares said to be worth over £19m in Sasol, the South African oil-from-coal project.

The demonstrations are being organised by End Loans to Southern Africa (ELTSA) and the Anti-Apartheid Movement. They will be followed later by international campaigns against Barclays and overseas banks involved in the financing of Sasol.

In London, there will be a picket outside the Barclays branch in Westminster which will perform street theatre and mime.

Scots steel men walk out

BY OUR INDUSTRIAL STAFF

SUPPORT FOR the steel strike *among private sector members* of the Iron and Steel Trades Confederation increased yesterday when 160 workers walked out at Parkhead Forge, Glasgow, Scotland's only major private steel company.

There was also a sharp rise in tension in South Wales, where at least 39 pickets were arrested after incidents at two private steel works.

In London, about 400 workers converged on the Law Courts, where a four-man delegation met Lord Denning's clerk.

In the Midlands, Lord Denning's ban on extending the strike to the private sector was defied by about 10,000 steel workers. The largest concentration of private sector steelmen, now idle in support of their colleagues in BSC, is in the Black Country, with 3,000 men out at the Round Oak works in Brierley Hill and another 2,000 at Patent Shaft, in Wednesbury.

The Scottish workers who walked out at Parkhead Forge, *part of the Johnston Firth* Brown Group, had originally been reluctant to do so, but were told by Mr. Ian Scobie, Scottish organiser of ISTC, that Lord Denning's ruling in favour of the private steel makers did not apply since the Court of Appeal had no jurisdiction in Scotland.

The company said it would try to carry on. Its remaining 340 employees, members of other unions, are working normally but picketing has prevented the plant from receiving *steel from other group plants* in Sheffield for some time.

The Scottish strike committee is continuing its efforts to prevent steel being imported by meeting dockers from Leith and Grangemouth to ask them not to handle cargoes brought in from abroad.

The arrests in South Wales followed violent incidents outside the Pontypool stockholders Walker Steel, where more than 60 men tried to stop lorries leaving, and outside the GKN plant at Newport.

Gwent police said they were the first major incidents in the region even though it was in the heart of the steel dispute.

A distinct hardening of attitude among Welsh steel workers undoubtedly buoyed up by yesterday's Wales TUC 24-hour protest strike, was also in evidence at a meeting between Port Talbot's strike committee and work council representatives from the Metal Box plant

The strike committee rejected a fresh plea from the Metal Box workers for the intensive picketing of the plant to be eased. The company is expected to begin lay-offs at the factory, next weekend.

At the private steel making company Duport, in Llanelli, which has been strikebound since the weekend, pickets withdrew a concession which had earlier allowed construction workers onto the premises.

Duport workers were planning to meet last night, Tuesday, to decide whether to return to work, in the light of the decision from the Iron and Steel Trades Confederation national executive.

More support for the strike came from the miners' union in Nottinghamshire whose area council decided to tell steel workers that they would not *object if they put a picket* at each colliery.

Mr. Joe Whelan, the Notts area secretary, said: "If any lorries should go past the picket, then our men will be instructed not to unload them."

Meanwhile, BSC is expected to tell union leaders on Friday of plans to shut the Prothero Works, Wednesbury, with the loss of 600 jobs. With unemployment at nearby Wolverhampton at 7.3 per cent, this will be another blow to the Black Country area.

The British Independent Steel Producers Association (BISPA) said yesterday it expected the ISTC executive council to comply with the injunction to revoke their strike call to private sector ISTC members

Cope Allman director resigns

By Alan Friedman

PETER HUGHES, finance director of Cope Allman International, the industrial holding company, has resigned after what one board member described as a "conflict in management style."

Mr. Hughes, who had been with the group for three years and had earlier served on the board of Grand Metropolitan, said yesterday his departure was a result of both questions of style and several broader questions related to the group's investment policies.

Mr. Hughes, whose resignation was announced to the Stock Exchange on January 4, said: "Mr. Louis Manson, the group's chairman, knew about my planned departure as early as last June. I suggested to him in a memo shortly before the meeting that he inform the shareholders at the annual general meeting on December 6, but he did not do so." The resignation was effective on *December 31*.

Mr. Jim Cameron, the group's industrial director, said on Monday that Mr. Manson was out of the country. "I was not privy to the request from Mr. Hughes to the chairman, but I think it would have been premature to have announced the resignation at the annual general meeting," he said.

In a letter to Mr. Hughes, dated January 4, 1980, Mr. Manson wrote: "The reasons for the termination of your employment will be kept confidential by both parties (except as required by law) and you will not in the future disclose to any third parties any confidential information relating to the activities of the company or any of its subsidiaries."

Mr. Cameron said: "Mr. Hughes' resignation stemmed from his disagreement with other members of the board, including the chairman, regarding the role of the finance director and the manner in which the duties were to be carried out."

According to Mr. Hughes there were several issues of investment policy on which he and Mr. Manson disagreed. Most notably, he said that the pursuit of new product development was neglected and that group acquisitions were not generally preceded by enough thorough market research.

Shell to search for gas and oil near Stafford

BY RAY DAFTER, ENERGY EDITOR

SHELL UK and British National Oil Corporation have been given Government approval to drill for oil at a site near Stafford in the Midlands.

The new petroleum production licence, covering 64 square kilometres to the west of Stafford, marks an increase in *exploration activity on land in* the UK. Shell will be the operator for the licence, which authorises the holder to drill for and produce oil or gas if it is found.

It is expected that any new onshore oil field will be very much smaller than those in the North Sea. However, with oil costing around \$30 a barrel (equivalent to about 35 gallons), even small finds are becoming commercially attractive. Furthermore, drilling costs on land are a fraction of those offshore, about £250,000 a well, according to a report by brokers Henderson Crosthwaite and Co.

Onshore production

Small amounts of oil have been produced from onshore fields for many years. Last year, for instance, some 115,000 tonnes were produced from landward sources, compared with 76m tonnes from the North Sea.

The onshore contribution to Britain's energy supplies will increase significantly as production builds up from the British Gas-British Petroleum field at Wytch Farm in Dorset. This field is thought to have recoverable reserves similar in size to the smaller North Sea fields, with a production capability of around 15,000 to 20,000 barrels a day.

More than 40 licences permitting the onshore production of oil and/or gas are in force. There are very many more exploration licences which allow companies to carry out seismic work but restrict drilling to a depth limit of 350 metres.

UK oil production last year was 76.4m tonnes—within the *Government's forecast for the* year of 70m to 80m tonnes—according to Energy Department figures published yesterday. Output from the 14 operating North Sea fields in December was 6.38m tonnes (1.54m barrels a day), a slight increase on the previous month's output of 1.51m barrels a day.

Lower estimate

According to a new analysis of the North Sea, published by stockbrokers Wood Mackenzie, production levels this year should average 1.82m b/d—enough to enable the country to achieve energy self-sufficiency at least during the later months of the year. Their latest estimate is some 350,000 b/d less than previous forecasts.

One reason for the lower estimate is the delay to the start-up of BP's Buchan Field. The field, with at least 50m barrels of recoverable reserves, should *have been brought on stream* late last year.

But delays to the conversion of a drilling rig, largely caused by a labour dispute in a Scottish shipyard, have meant that BP wil not be able to begin production *until the middle of this* year. However, the seven production wells on Buchan have been drilled and connected to ocean-bed production facilities.

£500m gas plant plan faces court test

AN ENVIRONMENTAL group began a court action yesterday to try to prevent Shell and Esso from building a £500m natural gas separation plant and ethane cracker at Mossmorran in Fife.

The two companies were given planning permission for the chemical complex in August by Mr. George Younger, Scottish Secretary.

In an action before three appeal judges in the Court of Session in Edinburgh Mr. Drummond Young, counsel for the Aberdour and Dalgety Bay action group, claimed Mr. Younger had confused two safety considerations.

In general terms, there was the question of whether the proposed development would be inherently safe to a specified acceptable standard. That had to be considered in the application for outline planning permission.

But consideration could not be given to whether the development was actually designed and built to within these standards until construction was under way. The Secretary of State is opposing the action which continues today.

Government insists on rates plan

By Robin Pauley

LOCAL AUTHORITY leaders failed to win any concessions on the Government's proposals for a unitary grant system of rate support when they met Mr. Tom King, Minister of Local Government, yesterday.

The chairmen of the Association of Metropolitan Authorities, Association of County Councils and Association of District Councils are united in their opposition to the plan in the Local Government Planning and Land Bill, which is expected to receive a second reading in the Commons next week.

The Government feels the proposals allow greater freedom to local authorities in the framework of central government control on overall spending

The authorities, all Tory controlled, feel the move will reduce local autonomy and significantly alter the traditional relationship between central and local government.

The associations are working to enlist support against the bill on both sides of the House and are hoping for amendments and deletions

OBITUARY

Sir Edward Lewis

BY JOHN LLOYD

THE DEATH of Sir Edward Lewis, chairman of Decca, has occurred only days after he agreed that the company he made internationally known *should* be taken over by the Racal defence, electronics, and communications group.

At a young age he acquired the kind of reputation now *enjoyed by the man with whom* he was negotiating up to his death—Mr. Ernest Harrison, Racal's chairman. It was the reputation of a man of commercial talent and courage, with a good nose for technological *innovation.*

His interest in Decca was stimulated when, as a young stockbroker of 28, he attempted to improve the company's finances after seeing those to whom he had sold its stock in danger of losing badly on their investment. He was made chairman soon afterwards, and managed to restore the struggling record company to profitability, and indeed to expansion, in the U.S. (among the contracts he acquired was one with Bing Crosby).

Before the war Decca remained largely a record company, with a small interest in radio manufacture. It was during and immediately after the war that two innovations radically changed the nature of the company.

The first of these was the navigational systems, which were well enough advanced to be fitted to naval craft by the end of the war. The system, depending on a chain of land-based transmitters working in phase with a receiver on ship, was wholly a Decca innovation.

The second was less of an innovation, more of a talented adaptation, and came after the war. Decca took the new tool of radar and fashioned it into a marine and, latter, aviation system—the work being led by Mr. (later Sir) Edward Fennessy, who retired two years ago as managing director of the Post Office's telecommunications business. *Decca's marine radar* quickly became a world standard, though the aviation equivalent was less successful.

The 1950s and '60s were the high water mark of Decca's success. Its navigational chains *commanded worldwide coverage,* its radar equipment was installed in most fleets, and its early espousal of long-playing records—another Lewis hunch—paid off. Though in his sixties, Sir Edwards did not wholly lose touch with the music business. He is famous for turning away the Beatles, but less famous for signing up the Rolling Stones, perhaps a more adventurous choice.

Sir Edward's first wife died in 1968: he married again in 1973. He leaves a son by his first marriage.

Sinclair sells £100 computers

By Guy de Jonquieres

THE WORLD'S cheapest personal computer, priced just under £100, was launched yesterday by Sinclair Research, the company set up by Mr. Clive Sinclair last September after he resigned from state-backed Sinclair Radionics.

Mr. Sinclair said that the low price had been made possible by several technical innovations which would give the product "a commanding world lead" in the fast-growing personal computer market. This is dominated by U.S.-made machines selling for £400-£1,000.

He claimed that the new computer, called the ZX-80, was technically at least equal to its more expensive competitors and had the edge in several respects, notably its operating speed.

The computer is about as big as a hard-back novel and weighs 12 ozs. It does not have a video display unit but can use any black-and-white television by connection to the aerial socket.

Protest at Gatwick extension inquiry

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

A SECOND passenger terminal at Gatwick Airport, Sussex, is needed to ensure "an orderly and flexible" growth of air *traffic in the London* area through the late 1980s and beyond.

This view was put to the Government's public planning inquiry into the plan for a £100m second terminal at Gatwick. The inquiry began at Crawley Town Hall yesterday in the presence of a large number of dissenters to the scheme.

Under the chairmanship of Mr. John Newey, QC, it is expected, like that nearly two years ago into the fourth terminal at Heathrow, to last several months because so many objectors have submitted requests to give evidence.

A number of demonstrators from villages round Gatwick gathered outside the town hall, chanting anti-airport slogans.

For the British Airports Authority Lord Silsoe, QC, told the inquiry that the second terminal was needed to raise Gatwick's passenger capacity from 16m passengers a year to 25m.

"Terminal Two is needed in order to meet forecast growth in demand for passenger-handling in the London area, and is justified in its own right in order to meet that growth in an orderly and flexible manner," he said.

The "throughput" of 25m passengers a year could be handled with only one runway at the airport, he said.

Lord Silsoe added that effects *of the proposed development* in terms of noise, increased road traffic and air pollution, would in general be small, and that these would not in themselves justify rejection of the plan.

But Mr. Meredith Jackson, vice-chairman of the Gatwick Area Conservation Campaign, the leading protest group, said that the inquiry was not just a legal one.

"Emotions are aroused by this proposed scheme, which is totally against the wishes of the people," he declared.

The British Airports Authority is supported in its case for the second terminal by British Caledonian and other airlines using Gatwick. Evidence will be given by Mr. Norman Payne, chairman of the authority, and Mr. Don Turner, planning director.

The terminal is planned for the north-west corner of the airport. But there is no intention of building a second runway at Gatwick.

The authority believes that with increasing use of wide-bodied jet liners expansion to 25m passengers a year can be met by one runway, with only an expansion of the taxi-way to allow for its use as an emergency runway when the main runway is blocked.

When the inquiry is complete, Mr. Newey will report to the Secretary for the Environment, and it will be up to the Government to decide whether to permit the development of the terminal.

A similar public inquiry was held into the fourth terminal at Heathrow, which is now going ahead. Another is due later this year into the Government plan to develop Stansted Airport as London's third big airport.

More Home News on page 23 & 27

Rise in cost of house rebuilding

By Eric Short

THE COST of rebuilding a house or bungalow rose on average by a fifth last year, according to figures released yesterday by the British Insurance Association.

The BIA house rebuilding index increased by 20.2 per cent during 1979 from 105 *(July 31, 1978=100)* at the end of 1978 to 126.2 on December 31, 1979.

In the final three months of the year, the index advanced by only 1 per cent from 124.9 at the end of September to 126.2. *But the relative slightness of* the rise was attributable largely to a seasonal lull in materials price rises, which is normally followed by price rises in the New Year.

Also, during the final quarter *of 1979* there was no change in wage rates for building workers and only minor changes in the cost of employing electricians and plumbers.

£2m order for Foden

FODEN, the Cheshire-based commercial vehicle maker which has slipped into losses in the past year, a £2m order from Esso Petroleum for 75 tractor units. A further order, from another—for 65 *eight-wheled trucks*—and also worth £2m—is expected to be announced soon.

GLC sales plan

PROSPECTIVE TENANTS for 750 Greater London Council "higher rent" homes will have to show that they are prepared to consider buying the properties eventually.

The new scheme is part of the GLC's plans to increase home ownership in London. The homes are to be offered at double normal rents to single people, couples or families who are already living or working in London.

Banking on machines

CLYDESDALE BANK has ordered a further 50 automated banking terminals to increase its network. The £15,000 Chubb 6250s, which can dispense cash in varying amounts and be used to request statements or cheque-books, are to be installed at the rate of one a week througout the year.

Clydesdale already has 25 and eventually intends to extend the system to all of its 370 branches.

● NEWS ANALYSIS—ALFRED HERBERT

Last chance for tools giant

BY HAZEL DUFFY, INDUSTRIAL CORRESPONDENT

THE MAJOR rationalisation programme announced yesterday by Alfred Herbert represents its last chance in a long battle *for* survival. Earlier programmes have been presented as last chances, but this time there is nothing to fall back on.

The Government, through the National Enterprise Board, has made it clear that there is no more public money available for this one-time giant of the machine tool industry. The plan has to be self-financing and nobody succeed Herbert will be relegated to the economic history books.

The plan itself gives rise to a great many uncertainties. The core is that Herbert will concentrate on advanced technology machine tools. The future of the rest, which represents quite a substantial *part of Herbert, seems to be* open to speculation. "We shall have to wait and see," was the only message which Mr. Peter Rippon, chairman, and his colleagues, were able to give yesterday.

On a plant-by-plant basis, the breakdown is:

Edgwick, Coventry: This will be the focus of high technology production. The plant is already making the "Husky," a numerically-controlled lathe, which was introduced about a year ago. Two more new machines, one to be launched this spring and another next year, will also be made at this plant. Production of conventional machine tools will be cut back, involving *200 out of the 700 redundancies* announced yesterday.

Mackadown Lane, Birmingham: This plant, making single and multi-spindle machines, will lose 100 jobs. The order book is poor and there must be a strong possibility of closure before long.

Lutterworth: This profitable plant is concerned mainly with making drilling, boring and milling machines for De Vleig, an American company, under licence. Only 27 jobs will be *lost.*

Red Lane, Coventry: 180 jobs will go at this plant which reconditions machine tools. Again, closure is a real possibility.

Herbert Tooling, Coventry: A separate, and profitable, part of the group which will be sold off if a buyer comes along at the right price.

Herbert Sigma, Letchworth: This company makes measuring and inspection equipment. Also profitable, it is a prime candidate for disposal.

Herbert Numerical Controls, Woking: This company, which makes control equipment for the machine tool division, has proved an expensive mistake simply because most customers specify that they want controls *which are universally available,* such as those of General Electric and Siemens.

In addition, 104 jobs will be lost at Herbert House, the new head office in Coventry, as part of the programme for decentralising marketing and administration.

A brief glance at Herbert's financial position shows that everything is staked on this programme of disposals, slimming down and probably some closures.

In the first half of last year the loss was £921,000. This must have worsened considerably in the wake of the engineering dispute in the second half. In 1978 the loss was £2.2m, plus £4m write-off on extraordinary items.

The strategy of concentrating on advanced technology machine tools — a loose category which covers machine tools which have numerical or computerised controls — is sensible.

While the bulk *of* machine tools have suffered from declining markets, advanced technology machines have enjoyed steady growth for the past eight years. Britain lags behind its competitors in the number of installations of these machine tools. *Given* any reasonable investment basis, there must be a growing market to satisfy.

The *nagging* doubt is whether Herbert is not too late in this field. Imports of Japanese numerically controlled lathes have soared in recent years, *and* their prices are very comptitive.

Herbert says it has spent £2m on developin gthe "Husky" and the two new machines soon to be introduced, and that these latter machines will be in the more expensive and specialised category *where the* Germans are the main competitors.

If the product is right — and Herbert's technology was once the envy of the world — the gamble will pay off. With all the hurdles Herbert still has to surmount, however, it would be unwise to see the programme as anything safer than a gamble.

Howell defends Tory gas price policy

BY IVOR OWEN

IMPROVED social security benefit for low income families and the elderly will be introduced well before next winter when the increases in gas and electricity prices make their biggest impact, Mr. David Howell, the Energy Secretary, assured the Commons last night.

He flatly denied that the Government was artificially pushing up gas prices and maintained that if a free market had been in operation, domestic consumers would already be paying charges above the level which it was now proposed to introduce in three years' time.

Dr. David Owen, Labour's Shadow Energy Secretary, acknowledged the need for some rise in gas prices but protested that that the 10 per cent-above-the-rate-of-inflation formula which the Government had imposed on the British Gas Corporation for the next three years meant that the increases would take place at too sharp and rapid a pace.

In moving a motion condemning the "savage" effect which such increases would have on ordinary families, he called for the introduction of a comprehensive fuel benefit covering gas, electricity, oil and paraffin heating, which would not be confined to those on supplementary benefit.

Mr. Howell contended that the effect of Government policy—which the gas corporation had agreed to implement so that its legality could not be in doubt—would be to phase out some of the restraint on the artificially low domestic prices so that they could rise to something closer to their true market level.

Under questioning from Dr. Dickson Mabon (Lab. Greenock and Port Glasgow), a former Energy Minister, he admitted that the gas corporation would have preferred the rise in domestic prices to have been extended over a longer period.

Some 70,000 domestic consumers and about 4,000 firms were waiting to be connected to a gas supply.

The pressures were so great that the gas corporation had had to ration the provision of new supplies almost entirely to those who had a statutory right to be connected because they were within 25 yards of a gas main.

Thus, industry, despite paying higher prices than domestic consumers, had been placed at a substantial disadvantage.

Mr. Howell forecast that the saving in gas consumption resulting from the higher prices for domestic consumers, and the extra capital investment which the gas corporation would be able to finance, as a result of its increased income, would lead to a real improvement in the availability of gas supplies to British industry in the coming years.

Mr. Howell also emphasised that in the current year the gas corporation would make no profit from domestic sales.

Apart from financing new investment, the bigger revenues would result in a surplus being passed to the National Loan Fund.

Dr. David Owen (left) and Mr. Dickson Mabon

This would be "an important contribution" to the Government's objective of reducing the Public Sector Borrowing Requirement.

Commenting on suggestions that the Government should introduce a gas tax, he said: "This is something which we shall have to look at."

Mr. Howell emphasised that in real terms, gas consumers had enjoyed falling prices for at least ten years—this had been one of the number of factors all pointing, regrettably in the direction of higher domestic prices.

While no-one liked paying higher bills, the effect on the cost of living should not be exaggerated.

The 17 per cent increase on April 1 would add 0.25 per cent to the going rate of inflation. The further increase of 10 per cent in October would result in an additional 0.16 per cent.

Dr. Owen highlighted the *fact that the current rate of* inflation was double that of 12 months' ago, and accused the Government of showing a callous disregard of the consequences which higher gas prices would have on most families in the country.

At the same time, the Government was putting up the level of domestic prices against the commercial judgment of the British Gas Corporation.

He questioned whether the Government had legislative authority for the action it had taken.

Increase in child benefits urged

By Elinor Goodman, Lobby Staff

THE GOVERNMENT was *yesterday urged by the* Conservative Women's National Advisory Committee to increase child benefits in the Budget.

The committee represents the army of women who are such an important link in the party's local organisation. It said it was deeply worried about child benefit and the heavier burden which families with children would find this year because of the increase in school meal and transport charges.

Child benefit had been due to go up earlier this year from £4.00 to £4.50 but on coming to Government the Tories decided not to increase the benefit.

The Treasury is already under pressure from the poverty *lobby to increase the benefit.* But this is the first time any organisation within the Tory Party has publicly called for an increase in public spending.

Until now, almost all the messages coming out of the voluntary side of the party have been that the Government should do all it can to reduce spending and cut out waste.

Until now, almost all the messages coming out of the voluntary side of the party have been that the Government should do all it can to reduce spending and cut out waste.

The advisory committee set up a working party earlier this year to consider child benefit in the light of recent tax changes and the need to economise on public spending wherever possible.

The working party concluded that despite the cut in income tax in the Budget, the relative position of families with children had been eroded.

The working party recognises, however, that raising child benefits is one of the main ways of reducing the number of people who are better off out of work.

● Families in Britain are being cheated by the Government over child benefit allowances, Labour MPs claimed yesterday.

They demanded that the Social Services Under-Secretary Mrs. Lynda Chalker uprate the allowances.

Mr. Davd Stoddart (Lab. Swindon) told Mrs. Chalker during questions to "go and bow her head in shame and put on sackcloth and ashes for the way in which this Government has let down and cheated families in Britain."

But Mrs. Chalker retorted: "I don't intend to act in any strange clothes in this House."

Kitson move leaves NEC at loggerheads

BY ELINOR GOODMAN, LOBBY STAFF

THE long-running argument over membership of the commission of inquiry into the Labour Party's future looks like *continuing at next month's* meeting of the national executive as the struggle moves on to who should chair the committee.

The signs are that Left-wingers on the executive say that Mr. Alex Kitson, who announced his resignation from the commission on Monday, should be replaced by another member of the executive to restore the original balance on the commission between the NEC and other representatives.

Mr. James Callaghan and the executive have been at loggerheads over the membership of the commission since the party conference. Mr. Kitson's decision to withdraw was seen on Monday as a victory for moderate trade unionists.

It meant that the NEC's six members were outnumbered by a combination of the five trade unionists and the party leader and his deputy. Even so, by no means all the trade unionists can be counted upon to support Mr. Callaghan's line.

With Mr. Kitson, the party's vice-chairman, on the commission, the Left could have been fairly sure of a majority of votes. They would then probably have elected Mr. Eric Heffer as chairman. Mr. Kitson's resignation endangers that majority.

It may open up the way for election of Mr. David Basnett, the Right-wing chairman of the Trade Unionists for a Labour Victory, as chairman.

As the commission chairman will have a casting vote and power to influence which subjects receive priority, both sides will be anxious to get their candidate elected.

The assumption is that Mr. Heffer will be put forward as the NEC candidate, and that the five union members of the commission will unite with Mr. Callaghan and Mr. Michael Foot, party leader and deputy leader respectively, in backing Mr. Basnett.

Left-wingers on the NEC were still discussing their strategy yesterday.

One problem facing them is that whereas in earlier votes on membership of the commission the Left had been able to count on the support of some trade unionists, now these may be reluctant to vote against one of their own number when it comes to electing the commission chairman.

"Upset her for as little as £3" is the slogan on Ralph Steadman's Mrs. Thatcher cartoon, to be used in a Labour Party recruiting campaign. A beer mat version says: "Upset her, not your beer. Join the Labour Party."

Mr. Eric Heffer, launching the campaign yesterday, said the cartoon depicted the Prime Minister as "a cross between a witch and a vulture."

Chalker payments plan attacked

THE Government came under fire from MPs yesterday when they were told a study of the arrangements for paying social security benefits has been carried out as a possible way of saving about £35m of taxpayers' money.

Mrs. Lynda Chalker, Social Services Under-Secretary, told MPs the study—including the frequency of payments and whether people should be able to choose to have benefits paid direct to their bank—was currently being considered by Mr. Patrick Jenkin, Social Services Secretary.

Mr. Robert McCrindle (C. Brentwood and Ongar) said that to pay pensions and other benefits less frequently "could conceivably cause a great deal of hardship."

Payments direct into bank accounts could also cause problems because many people on social security did not have accounts. It might also cause hardship to sub-post offices, said Mr. McCrindle.

Mrs Chalker told him: "Nobody will be forced to have payments direct to bank accounts. We want to ensure the most vulnerable groups in society receive their payments weekly and through post offices, if they wish."

Mr. Ian Evans (Lab. Aberdare) insisted the matter should be brought before MPs and debated before the Government decided on the issue.

Mrs. Chalker stressed that any new procedures would only be instituted after careful consideration and full consultation.

Credit aid for consumers planned

BY DAVID CHURCHILL

REGULATIONS TO give consumers information about the true rate of repayment in credit transactions are to be introduced by the Government later this year.

The regulations, to come into force on October 6, will implement the so-called "truth in lending" provisions laid down in the 1974 Consumer Credit Act. Parliamentary Orders detailing the new regulations were laid before Parliament yesterday.

The "truth in lending" provisions of the Act regulate the information which must be given to consumers in advertisements, whatever the medium of advertising.

Certain advertisements are excluded from the Act, including advertisements for short-term credit such as accounts settled in full weekly or monthly.

Under the new regulations, the total charge for the credit offered will have to be expressed as an annual percentage rate and included in credit quotations and advertisements. This will enable consumers more easily to compare one offer of credit with another.

In many cases at present, the credit industry quotes only the "flat" rate of repayment which is often half the annual percentage rate.

Lean meat content 'should be advertised'

Financial Times Reporter

SHOPPERS should be told the "lean meat" content of meat products rather than simply the "meat" content, says a report by the Ministry of Agriculture's food standards committee.

It defines lean meat as "meat free from trimmable fat and connective tissue, containing no more fat or connective tissue than is normally associated with the particular cut of trimmed meat used."

Control and declaration of lean meat content would have the "nutritionally desirable" effect of lowering the fat content of many meat products, the report says.

● CONSCRIPTION: A move to bring in a military call-up register will be debated tomorrow. A motion tabled by Mr. Hugh Fraser (C. Stafford and Stone) "calls upon the Government as a preliminary and minimal act of prudence to enroll the youth and skills of the nation by registration, by law, of those eligible for national or military service."

● FULL TERM: The speaker, Mr. George Thomas, yesterday ended speculation that he was on the verge of retiring from his £19,650 job presiding over the work of the House of Commons. Mr. Thomas—71 yesterday—made it clear that he intends to stay on as speaker until the end of the present Parliament.

● BAD LANGUAGE: The BBC television programme "The Russian Language and People" was attacked in the Lords yesterday. Tory Earl *Kimberley said:* "These broadcasts portray the Soviet Union in such a favourable light that they actually extol the virtues of Communism and so help persuade certain people to support the Olympic Games in Moscow."

●LICENCE PLAN: Different ways of allocating offshore oil and gas licences are being examined by the Government. Mr. Hamish Gray, the Energy Minister, said he had asked for the industry's comments on cash bidding for licences "but entirely without commitment in regard to the seventh round.

£1m for strikers' families 'deplorable'

BY JOHN HUNT

MORE THAN £1m has so far been paid out in supplementary benefit to the wives and children of the striking steel workers, *Mr. Reg Prentice,* Social Security Minister, told the Commons yesterday.

He condemned the payments as "utterly deplorable" and complained that the major unions had not paid out a "penny piece" to support the strikers.

Later, during questions to the Prime Minister, Tory backbenchers alleged that intimidation was being used against steel workers who were reluctant to strike or picket.

Mrs. Thatcher told them that any such action would be "utterly condemned" by everyone. Unless the rule of law was upheld, "it would be the end of civilisation."

She reaffirmed that Mr. James Prior, Employment Secretary, is looking at the Employment Bill with a view to making further changes during the committee stage.

The row ended with Mr. *Michael Brown* (C Brigg and Scunthorpe) unsuccessfully trying to get an emergency Commons debate over claims of intimidation of steel workers in his constituency.

Mr. Prentice told Mr. Michael Brotherton (C. Louth) that 19 strike centres had been set up to meet supplementary benefit claims.

Up to Tuesday of last week, a total of £790,000 had been paid out to strikers' families.

Mr. Brotherton protested that the trade unions, not the taxpayer, should take responsibility for the strikes.

"I fully agree with your sentiments," replied Mr. Prentice. "It is not for me to comment upon the pace at *which* we should implement our manifesto pledges. But it is deplorable that so much money is being spent on subsidising this strike."

Mr. Jock Bruce-Gardyne (C. Knutsford) said it was an abuse for the Iron and Steel Trades Confederation to sit on a "piggy bank" of £11m of its own money. He called on Mr. Prentice to see that the Tory manifesto was "activated" to deal with this matter.

Mr. Prentice agreed that on top of the damage inflicted on the *nation* by *the* strike, the unions had "added insult to injury" by expecting the taxpayer to subsidise it.

He said the figure of £790,000 was for a week ago so the total figure was now certainly well over £1m—"money which should have been contributed by the unions themselves."

During Prime Minister's questions, Mr. George Gardiner (C. Reigate) referred to a report of violence and intimidation of a steel worker, his wife and children.

He asked Mrs. Thatcher to make sure that the Employment Bill was strong enough to prevent this kind of thing.

The Prime Minister told him that violence and intimidation was dealt with under criminal law but the difficulty was to get evidence "because there is not the slightest shadow of doubt that some of these people are frightened."

Mr. Robert Adley (C. Christchurch and Lymington) called for industrial relations legislation to provide adequate protection against violent picketing, blacking and intimidation.

The Prime Minister explained that in the light of the McShane decision, Mr. Prior was "very actively considering" whether further provisions should be brought forward on the committee stage of the Employment Bill.

Mr. Michael Brown presenting his motion for a debate, quoted a circular put out to *steel workers from the* Scunthorpe steel strike committee.

The circular said: "This fight will only be won by you and every member doing their duty by doing a turn on picket duties. We would not want any unpleasantness if we did win by people being accused of not pulling their weight."

He said this was a clear threat and an attempt at intimiation in a "most dictatorial, undemocratic and tyrannical manner."

● The Prime Minister yesterday (Tuesday) denied a claim by Mr. Henk Vredeling, a vice-president of the Common Market Commission, that Britain had not approached the Commission for EEC financial *aid for the BSC redundancies.*

Peace bid fails as union walk-out disrupts BBC

BY ALAN PIKE, LABOUR CORRESPONDENT

ALL Association of Broadcasting Staff members working for BBC television were ordered to stop work yesterday as talks failed to resolve the dispute over the new Newsnight news and current affairs programme.

About 400 union members were told to stop work when a three-man current affairs film crew was suspended for refusing to accept a Newsnight assignment. They will return to work today, *but the union warned* last night that there would be further industrial action in response to any new suspensions.

Union leaders and BBC management representatives spent about three hours discussing the dispute with officials of the Advisory, Conciliation and Arbitration Service yesterday but progress was not made. There is no date for a further meeting.

After protracted negotiations on terms for introducing Newsnight — a BBC-2 programme which will combine news and current affairs activities—the corporation eventually attempted to screen the first edition on Monday night. But it did not appear, and other programmes were disrupted, after the corporation and union failed to resolve outstanding disagreements over the programme earlier in the day.

Delayed

All news and current affairs programmes are at risk of being disrupted or cancelled until the dispute is resolved.

Mr. Paddy Leech, assistant general secretary of the union, said last night: "Our members *are prepared to do their normal* work but they will not work on Newsnight. If sanctions are taken against them over Newsnight we will respond with industrial action."

The introduction of Newsnight was originally scheduled for September but was delayed because the BBC and union representatives could not agree on terms. Disagreement with the union was eventually reduced to the question of scheduling of camera crews.

The union wants assurances that current affairs crews will work only with current affairs staff and news crews with news staff. While the BBC accepts this in principle it says that it is unable to give absolute guarantees acceptable to the union.

Ambulance staff to receive 13% offer

BY PHILIP BASSETT, LABOUR STAFF

HEALTH authorities yesterday offered 17,000 ambulance staff a pay package worth 13 per cent which unions' leaders agreed to put to their members for consideration.

Though no formal recommendation will accompany details of the offer officials are privately hopeful that the package will be accepted.

The deal in its overall size is broadly in line with that accepted by 1.1m local authority manual workers, and is in many points similar to the package being considered by 250,000 National Health Service ancilliary workers.

Agreement to deals of about 13 per cent would mean settlements for all public service workers whose action over pay last winter caused considerable disruption to council, hospital and other services.

The package, which if accepted would be backdated to January 1, would give increases of 10.6 per cent on basic rates. This is slightly less than the 11.9 per cent on basic rates offered to the ancilliary workers, since other elements in the ambulance staffs' package are more expensive.

The offer would take the basic rate of a trainee ambulanceman from £53.02 to £59.05, and that of a leading ambulanceman from £66.80 to £74.77.

Shift pay would be increased to 16p per hour for rotary shifts and 10p per hour for alternating shifts. The increase will cost more than the offer to the ancilliary workers as 76 per cent of ambulance staff earn shift pay compared with about 40 per cent of NHS ancilliaries.

The offer also includes improvements in holiday entitlements and other payments.

Rates would be further increased from April 1 by the payment of the second stage of the Clegg comparability award. Increases of between 12.8 and 25.8 per cent, at a cost of £18.6m, *were the highest made* in the commission's first report on local authority, health and ambulance workers.

The rate for a trainee ambulanceman would rise to £62.75 in April and for a leading ambulanceman to £82.97.

● Mr. Patrick Jenkin, Social Services Secretary, yesterday welcomed a new agreement reached on Monday for a disputes procedure in the National Health Service.

He said that in the past the lack of sensible procedures had led to "damaging escalation of trivial problems." The new agreement, though, would require goodwill on all sides if it was to operate effectively.

Union pamphlet urges BL offer rejection

BY ARTHUR SMITH

BL CARS union leaders have issued pamphlets to all 90,000 manual workers urging rejection of the company's five per cent pay offer.

The management is also campaigning vigorously throughout the 36 plants pointing out the risk to BL's recovery plan if the deal is rejected.

The issue will be put to a ballot, the result of which is expected to be announced by the Electoral Reform Society on February 12.

BL has offered a five per cent pay increase, plus the opportunity to earn up to an extra £15 a week under a self-financing productivity deal.

The unions, which demanded a 30 per cent rise, focus their attack on the "strings" attached to the productivity deal. In particular, they demand the right to maintain mutuality—the power of the shop stewards to control manning levels and the pace of the job.

The six-page pamphlet warns that one of the methods the company would employ to study jobs is "cine photography and film analysis."

In spite of the objections raised in the pamphlet, many union leaders believe that the company will win the vote.

There is serious shop floor concern about the future of BL. Workers at factories due to be run down, such as Canley and Castle Bromwich, will not support militant action against work practices which they may never be called upon to perate.

The pay deal was due to come into effect last November and many workers are pressing for the chance to achieve higher earnings.

Docks pay talks adjourn without sign of a deal

BY GARETH GRIFFITHS, LABOUR STAFF

PAY TALKS between the two dockers unions and the London enclosed docks employers were adjourned last night until Friday with no agreement in sight.

The Port of London Authority forecast on Monday that work would be transferred from the Indian and Milwall Docks unless manpower reductions were speeded up and working practices improved. The Transport and General Workers' Union and the National Amalgamated Stevedores and Dockers Union studied the PLA fore*cast before yesterday's talks.*

The threat of both official and unofficial industrial action faces the Enclosed Docks Employers' Association. The association, like the PLA, says there is little room for flexibility over the pay offer.

A 10 per cent new money and a further 2 per cent for manpower reductions of 500 has been tabled by the employers. The unions' are claiming between 30 and 40 per cent.

The Riverside Employers in London will resume their pay talks tomorrow with the docks unions. The 900 Riverside dockers have already rejected a 10 per cent offer on basic rates and 17 per cent increase on bonuses.

● Seven container ships were diverted last night from the Port of Liverpool by shipowners anxious that they should not be held up by an unofficial strike of 234 shoregang men.

Jobs pledge over computer introduction

By Philip Bassett, Labour Staff

THE GOVERNMENT has offered civil service unions a six-month guarantee against job losses stemming from the introduction of an advanced computer system, if the unions agree to its use.

The decision, taken this week by the Manpower Services Commission, relates to CAPITAL, or Computer Assisted Placings In The Areas of London. The £11m system would have a marked effect on work in the London offices of the Employment Department.

The decision is a marked change from a warning last year that it might have to abandon the project entirely if the unions failed to give their agreement. The introduction of the system is seen as a test case for the use of new technology in Government departments.

The commission wanted to extend the CAPITAL system on a cost-effective basis, and instructed departmental managements to put forward a basis for agreement with the unions.

Review

The basis offered is that in the event of a general agreement on new technology, which is what the two largest civil services unions want, an agreement reached on CAPITAL would be reviewed to ensure that its terms are "as advantageous overall" to the unions, particularly on staffing, as the national agreement.

In order to help reach such an agreement, the commission offers to make no staff cuts in the next six months through the introduction of CAPITAL, thaough it makes clear that this will not affect the projected Government cuts of 12.7 per cent in the next two to three years.

The three TUC members on the commission have agreed to "use their good offices" to help secure the agreement of the civil service unions. The commission will review progress with the unions at its next meeting next month.

The system is intended to offer easier access to information about job vacancies and registered unemployed throughout London by means of visual display units.

The commission has also confirmed that up to 20 skill centres or annexes are being considered for closure, though it said yesterday that a decision would not be taken until March.

Sir Richard O'Brien, MSC chairman, said the proposals were intended to produce a network of centres which would leave the commission capable of training more people in every region, at a lower cost and with better results.

The Civil Service Union, which opposes the cuts, condemned the proposals as "callous," and said it was writing to a group of MPs to try to bring pressure on the Government to alter is policy of cuts.

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

Chase Manhattan—a U.S. bank on a fresh course

BY STEWART FLEMING IN NEW YORK

OF THE 63 most senior executives who ran the Chase Manhattan Bank at the beginning of 1974, 26 are no longer with the company and several others have been shepherded away from the mainstream of the bank's management.

That fact alone is one dramatic illustration of the transformation that has taken place within the company, the third largest bank in the U.S., with total assets at the end of last year of $65bn, and by common consent, the least effectively managed of the nation's giant banking institutions when recession struck in 1974-75.

The bank's weaknesses quickly appeared in its balance-sheet. Between 1975 and 1978 (inclusive) it was forced to write off close to $1bn of (mainly real estate-related) loan losses. Net profit, which hit $182m in 1974, slumped to $105m in 1976. In that year it earned only 24 cents on every $100 of assets, the worst performance of any of the top ten banks, according to data prepared by brokers, Salomon Brothers. In the same year Citicorp earned 69 cents per $100 of average assets and J. P. Morgan 78 cents.

Last month, with the publication of its profits for 1979, the bank's executives clearly felt that they had put those dark days behind them. Net income topped $311m, a 58 per cent increase, and average return on assets of 52 cents per $100 at last brought it within shouting distance of its rivals. (Citicorp's figure was 58 cents.)

Rehabilitating Chase has clearly been a matter of personal pride for David Rockefeller, the chairman since 1969, and the man who, perhaps rightly, was widely criticised for having permitted the bank to develop under his leadership in a way which left it vulnerable to the changed economic conditions of the mid-1970s.

The timing of the recent announcement of Rockefeller's plans to retire from the bank is replete with symbolic overtones. From Jauary 1 of this year, the beginning of a new decade, Rockefeller has passed over his chief executive functions to the bank's president, 53-year-old Willard C. Butcher. Rockefeller is staying on as chairman but only until April, 1981. There seems to be no doubt that the decision is aimed at avoiding an abrupt transition. That Butcher is now in command of the bank is shown by one of the first decisions to be announced, namely that from January 1 the management committee has been dissolved, and the four top executive vice-presidents now report directly to Butcher.

Butcher, after 25 years with the bank, was named president in 1972, and the task of sorting out the problems which emerged in 1975 fell heavily on his shoulders. But it was not until the end of last year that the Chase board of directors decided that he would succeed Rockefeller, who will be 65 in *June*.

Dynasty

He presents a formidable contrast to the suave and genteel member of one of America's best-known business dynasties. A tall and heavy man, slightly stooping, he was described by Fortune magazine as having the look of "an earnest, agreeable buffalo." While perhaps capturing his appearance, that description probably does less than justice to his character. It is hard not to sense his latent power and to suspect that at times, like a buffalo, he can be anything but agreeable. Chase would not have recovered so quickly from the problems which befell it if Butcher had found it difficult to make hard decisions. Executives within the bank talk of a change of "culture" at Chase, which has made the institution more aggressive and less complacent. Butcher would seem to typify that change.

There can be little doubt that in the years during which Chase was fighting to recover its balance after the shocks of the last recession, it has lost ground to some of its competitors, both in the U.S. and overseas. Butcher himself concedes that the bank is not "blessed with an excess of capital" and at least in comparison with some of its rivals it has had to be satisfied with modest growth in its assets. Between 1974 and 1978 its compound average growth of assets has been around 8 per cent, compared with nearer 12 per cent for Citicorp and Bank of America. Last year its assets rose by 6 per cent compared with 14 per cent at Bank of America, 21 per cent at Citicorp and 18 per cent at Manufacturers Hanover Trust.

It is, of course, well established in lending to major corporations such as IBM, General Electric and General Motors. Indeed, some of its competitors identified it as one of the banks most willing to shave lending rates in order to hold on to its market share in the past few years.

But the bank has lagged behind some of its rivals in developing a nationwide banking business outside this elite corporate market. Butcher, however, leaves no doubt that Chase is as anxious as its main competitors to take advantage of the gaps in U.S. banking laws. These are enabling the largest banks to escape from restrictions which have tended to hinder the expansion of banks beyond the boundaries of a single state. In part, it seems, he fears that unless the large U.S. banks penetrate this wider market they may be doomed to a slower expansion of their assets than their major international rivals, and that this will weaken their ability to compete.

He points out that the bank is now actively seeking to expand its capacity to service companies outside the ranks of the international giants. Last year the asset-based lending activities of the bank, which had been fragmented within it, were pulled together and a decision reached to "emphasise this business."

David Rockefeller (left), chairman of Chase Manhattan, and Willard C. Butcher, who succeeded him as chief executive of the bank on January 1

A new top executive for these operations within what is called Chase Commercial Finance, is shortly to be announced. With what is now a characteristic emphasis on marketing—identifying as closely as possible the services particular customers need and shaping the banks' ability to provide them—Butcher says he is not expecting to be able to supplant regional banks in providing basic cheque and loan services for medium-sized companies. But he clearly believes, as do his main competitors, that there is a market for specified asset-based services such as leasing and factoring for these companies, which their own local banks may not be able to provide.

He is also clearly anxious to build up a national consumer finance operation, a market which Citicorp in particular has hit very hard, and one which other banks, such as Bankamerica, Continental Illinois and Manufacturers Hanover, are also developing through a variety of facilities ranging from credit cards and consumer finance to mortgage banking.

Butcher says that "the plastic card will increasingly become part of our strategy" but that he "has some scepticism" about mailing cards all over the country.

"You need something else, you need a matched strategy," he says, in order to get people to use a Chase credit card, perhaps tying it in to services at a particular store — something Chase is beginning to do. Another market the bank is tackling is home mortgages for the consumer through mortgage banking operations. Chase has just obtained permission to open such a business in Florida.

One advantage Chase has as it seeks to expand from its New York base is that it is one of the few banks with the size and a nationally known name from which to develop. It is also a name which is known internationally and as Butcher describes it "one of the few banks in the world with international capability." In the early 1960s it set about building an international presence.

Indeed the international side of the business provided something of a crutch for the bank after 1975. In 1976, for example, international operations accounted for 82 per cent of net income. Between 1975 and 1978, while domestic lending was essentially flat, loans at overseas offices grew from $12bn to $21bn, comprising 54 per cent of the total.

The bank is clearly concerned about maintaining a balance between domestic and international business, but Butcher says "the challenge is not to limit international earnings . . . but to increase domestic."

He is keenly aware, however, that the international side of the bank promises to present some formidable challenges. The bank, he says, is going to "improve dramatically" its capability in the analysis of both political and economic risk and in the countries where it lends money and the relationship of these forces to credit risk. For a bank the risk of lending on an aeroplane which will sometimes land in London is different, say, from a balance-of-payments loan to the same country. And he emphasises the importance of political analysis. "We do have political analysts in this bank and we are going to have more of them." They will help the bank operate in a less stable international political climate.

Just how important political judgment can be to a bank at the moment has been amply demonstrated by Chase's own involvement in the Iranian crisis. Its long links with the Shah of Iran and the personal relationship between Rockfeller and the Shah were factors which led to Rockefeller interceding *on his behalf* with the State Department and the President in order to help the Shah gain entry into the U.S. for medical treatment.

The repercussion of the Administration's decision to allow the Shah entry, led from the taking of the hostages to the freeze on Iranian assets at U.S. banks and then to a move by Chase to call a major syndicated loan to Iran in default.

Butcher vigorously defends that decision by saying that he has been disturbed by criticism from "junior executives" at banks overseas. He argues that Chase kept strictly to the legal conditions of the loan agreement and that from a U.S. point of view the country was technically in a situation akin to war in Iran, with its territory there, the embassy, seized.

The wisdom of the decisions Chase executives took in the Iranian situation has been a matter of debate, and too little *is known* to come to any firm conclusions on this question. What is clear, however, is that the issues raised for Chase were as much political and diplomatic as financial, and a bank needs executives capable of assessing both.

Butcher is clearly concerned about another looming international financial and political problem: the escalating OPEC surplus and the difficulties this presents to developing countries and therefore to the banks which played so prominent a role "re-cycling" the post-1974 OPEC surplus. "There is some limit to how far we can go as the principal factor in the re-cycling," he says, adding that he advocates "closer co-ordination in the activities of banks with the efforts of the International Monetary Fund," and an increased capability for the IMF in this area.

Delicate

It is in his handling of issues which arise in this delicate area where banking and international politics overlap that Butcher is generally perceived to be facing the greatest challenge. It is widely thought that one of the reasons Rockefeller, the consummate corporate statesman, is postponing his resignation as chairman until next year, is to give him an opportunity to smooth Butcher's passage into this world of international financial diplomacy.

It is an aspect of managing a large multi-national corporation which is becoming increasingly vital to the "bottom line" of profit and loss. In the emerging debate about the characteristics which the future top management of large companies should have, a common denominator is proving to be American business's sense that political sensitivity is a high priority.

Whether Butcher has, or can develop, the deftness of touch which will be needed to fill this aspect of Rockefeller's role at the bank nobody knows, perhaps not even Willard C. Butcher himself.

BUSINESS PROBLEM

BY OUR LEGAL STAFF

Purchasing power of £

A lease states that the revised rent shall be such sum as is fair and reasonable having regard to and taking into account any reduction in the purchasing power of the £ sterling. What index or figures do you think should be applied in a case such as this?

The provision relating to the purchasing power of the £ sterling may well be void for uncertainty, if no other guide is given to the interpretation of that phrase. If it has a meaning, the Index of Retail Prices appears to be a strong candidate; the £'s trade weighted index being another, but less likely, possibility. It is better to stick to one contention only in a case where uncertainty may invalidate the whole provision.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

Small firms under a microscope

MANY a small company is managed in a "seat of the pants" fashion. The practitioners of this particular art swear by it, arguing that it is the very lifeblood of the successful small enterprise; in particular, they claim that it promotes a strong camaraderie among the workforce.

But in these days of economic volatility, high interest rates, rapid technological change and intense competition in many areas of business, there is a good argument for suggesting that there is a place for more "professionalism" in small companies, particularly if they are growing fast.

If such a transition is to take place, the entrepreneur will either have to become au fait with management techniques, particularly financial and organisational, or be backed by people with such skills.

Dr. Sue Birley, the author of "The small business casebook," is clearly of this opinion; she puts it across in her book in a strong, though subtle manner. She never actually resorts to presenting clearly outlined messages; rather she writes in such a way that they emerge on close analysis.

[illegible] presents case studies of small firms, with activities ranging from closed-circuit television manufacture to oyster breeding, car manufacture and engineering consultancy. In each of them she gets across numerous messages: the need for a strong management team; the dangers of poor financial control; under investment and lack of capital; the problems of suffering from indecision on what to do in the market place, despite having an abundance of market information; and, of paramount importance, the need for the right people.

The point about entrepreneurial management is well illustrated in an analysis of Eaves and Washbourne, a small engineering company. A second-generation Washbourne, who had worked his way up through the company, was dismissive of management education — until he had experienced it.

"A salutary experience was the realisation that not a single person in the place could read a balance sheet," he says. "It was incredible how naive we were at the time. No one ever thought how much money we would make in the next 12 months or what machinery we were going to invest in."

The dangers of under-investment and lack of organisation in a highly-competitive market are highlighted in the case of Gilbern Cars. This company was set up in the early 1960s to exploit the market for "special" cars that were provided in kit form for home construction, thus avoiding purchase tax.

Several weaknesses in the Gilbern set-up emerge in the study. The car bodies were made of glass-fibre and only one body mould existed, which meant that at best only one body a day could be made. Equipment was felt to be inadequate, leading, for example, to inaccurate cutting or distortion of the chassis welding. There were no detailed work schedules, so operators kept their own, in rough form. Operators also had to work overtime to make up for production lost when they had to double up as delivery drivers.

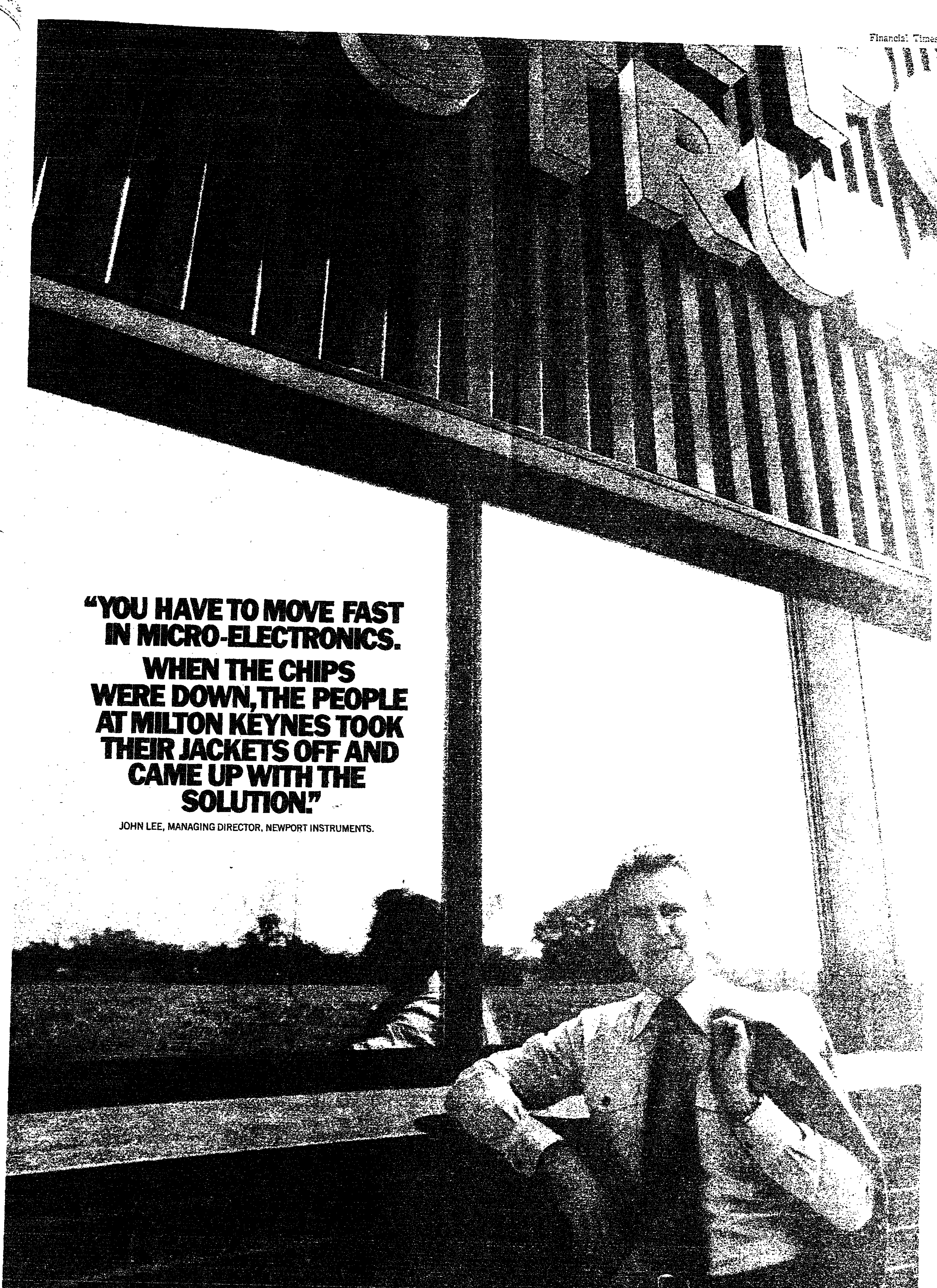
Despite the flexibility of the workforce, the company itself was essentially inflexible to basic change. It was satisfying a fashion in a very competitive market, but was clearly exposed to any shift in fashion or change in tax legislation.

The interest in Dr. Birley's book lies not only in what it tells you, but equally in what it does not. Obviously, as a member of the London Business School's Institute of Small Business, she has a vested interest in promoting management education. But to her credit she plays the subject down.

Any reader of her book should not expect immediate enlightenment about small company problems and what can be done to resolve them. It needs to be looked at several times for its full significance to emerge. But this is well worth the effort.

The Small Business Casebook, by Dr. Sue Birley. Macmillan, £12.

Nicholas Leslie


"YOU HAVE TO MOVE FAST IN MICRO-ELECTRONICS.
WHEN THE CHIPS WERE DOWN, THE PEOPLE AT MILTON KEYNES TOOK THEIR JACKETS OFF AND CAME UP WITH THE SOLUTION."
JOHN LEE, MANAGING DIRECTOR, NEWPORT INSTRUMENTS.
CONTACT: COMMERCIAL DIRECTOR, MILTON KEYNES DEVELOPMENT CORPORATION, WAVENDON TOWER, MILTON KEYNES MK17 8EX. TEL: MILTON KEYNES (0908) 74000

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● TELEVISION

Images on chips

IT CAN hardly be very long now before solid state image forming devices for television meet the definition requirements of the professionals.

Latest indicator is the announcement from GEC's Hirst Research Centre of what is claimed to be the largest charge-coupled device so far produced in the UK and possibly in Europe.

It measures 140 x 100 mm and consists of a matrix of 576 lines (the operational number of lines in a 625 line picture) each with 385 elements. The frame is thus compatible with 625 line systems and at 220,000 pixels represents a definition of about 67 per cent of a fully reproduced normal TV image. The system uses frame transfer read-out of the image signal.

The laboratories describe the new device as silicon based, with "three phase, three level polycrystalline silicon gate buried n-channel" technology.

Advantages offered by such devices include small volume, no glass envelopes, and relatively low operating voltages; the Hirst device runs on 15V at the moment, expected to drop to five volts with further development.

This compares with voltages hundreds of times greater used by conventional television camera tubes.

The laboratories believe that immediate application for the devices will be in small size, lightweight, low power and rugged cameras for use in hazardous or difficult environments where conventional types would be unsuitable. Colour cameras would involve three of the devices with suitable optical colour filtering, although other techniques allow one chip to be used, albeit with lower definition. Hirst is believed to have such cameras operating.

Future developments under consideration include possible application in electronic news gathering (ENG) and ultimately an all-electronic replacement for amateur cine photography.

During the next six months the laboratories will be making a small number of devices available for early customer evaluation in the professional field. Depending upon the blemish specification the price will vary from £500 to £5,000.

The GEC announcement follows a statement from Sony reported in yesterday's Technical Page of a complete colour camera at £4,500 which also uses solid state image devices.

More from Hirst at East Lane, Wembley, Middx. (01-904 1262.)

● VENDING

Mixtures not as before

SINCE MORE stringent fire regulations have been enforced, the use of electric kettles for tea and coffee making has been banned in most office and industrial environments. The clatter of china cups has, sadly, been dulled by the thud of heavily weighted polystyrene containers on the desk and factory bench since the vending machine has become a ubiquitous adjunct to our daily lives.

There is, too, a fierce prejudice against the automatic food and drink dispenser, and an encyclopaedia of customer complaints regarding peculiar admixtures . . . when coffee tastes like orange juice, and tea is tainted with Bovril.

You will get what you pay for when you tune in to the Supernova (a variety of 33 hot and cold drinks) promises GKN Sankey, PO Box 6, Bilston, West Midlands (0902 29081).

This machine looks (and acts like) a computer in the corridor. Its logical simplicity can make friends with the most towering of intellectuals. Its list of 33 available drinks and their price tariffs are laid out for easy reading. A soft green light draws attention to the machine without being garish or obtrusive.

An electronic credit display is located to show a running total to the customer as money is inserted (an improvement necessary in noisy locations where coins cannot always be heard to be dropping within) and the "cup station" has been placed at a convenient height and position.

Two important features of the machine are its separate mixing bowls—it is now possible, assures the maker, to eliminate the unpalatable problem of flavour blur. The bowls also enable separate whiteners to be used for tea and coffee. A further bonus is the steam extraction system which is said to prevent ingredient contamination.

Offered as standard is a spare hygiene kit which includes tubes, whippers, bowls and an extractor hood, and the machine is backed by the company's comprehensive service which includes ingredients supply, maintenance and service.

The company also offers inflation proof rental terms through its own finance house, Sankey Finance.

DEBORAH PICKERING

● AUTOMATION

Scans and records the readings

ABLE TO scan up to 1,000 temperature measurement channels at rates between one channel every hundred hours and one every ten milliseconds, an intelligent logging system based on the Z80 processor has been put on the market by Ancom, Devonshire Street, Cheltenham GL50 3LT (0242 53861).

Using card modules, systems can be built up to suit the application; inputs can be from any standard temperature sensor with signal voltages conditioned and linearised by appropriate cards. Other boards deal with analogue to digital conversion, processing, and the connection of peripherals.

Interactive control of the system is by means of a VDU. A permanent record of all the results is obtained on a 24 column electrostatic printer including channel identification, time and measured value, maximum and minimum values and indication of any reading outside the pre-determined limits.

Supply of ingredients controlled

FEEDING OF ingredients to sugar confectionery manufacturing machinery can be very accurately controlled, says Baker Perkins, if its Autofeed 148 microprocessor control unit is used.

Ingredients such as sugar, glucose, milk, water and fat can all be fed in the right sequence into a mixing hopper according to pre-set weights. A digital display of the weights is provided and a printout is available for stock control. Recipe changes are made by means of thumbwheel switches or a card reader can be used. Up to eight ingredients can be handled.

Baker Perkins is at Westfield Road, Peterborough, Northants (0733 262000).

● NOISE

Motors can be muted

FROM ITS research resulting in a wealth of noise control data for the silencing of electric motors, it is able to offer silencers which encompass both acoustic requirements and essential criteria such as air flow, pressure drop and temperature rise, says Noise Reduction, 91, Leigh Road, Eastleigh, Hants (0703 611611).

One simple device which gave up to 10 dBA attenuation at the non-drive end and 5-7 dBA at the drive end of noisy motors on a pump complex is the slip-on mute.

Its simple and versatile design is said to cause little restriction to the airflow—the mute is not tight fitting, causes no recirculation, is easily removable for maintenance, and can be used indoors or outdoors.

Magnet Electrical Repairs, a GEC company, has recently commissioned this vacuum pressure impregnation (VPI) plant at its Bradford works, of particular interest because it employs epoxide resin impregnant. Shown is a stator about to be lowered into the vacuum chamber. The one-part epoxide developed in conjunction with resin suppliers has the necessary properties to allow it to be used for high voltage machines which call for low viscosity and low dielectric loss to ensure good penetration and stability, and for random wound machines where high viscosity is needed to avoid run-off. Principle is that in the chamber, all the air is removed to prevent air pockets blocking the flow of impregnant into difficult cavities. The chamber can accommodate items up to 2.4 metres in diameter and 2.4 metres deep.

● COMMUNICATIONS

Stops expensive phone calls

IN COUNTRIES other than the UK Norton Telecommunications has already sold over £200,000-worth of its telephone trunk barring unit, a device measuring only 8 ins x 5 ins x 1.5 ins which is wired between the exchange line access point and the telephone instrument and stops all but the authorised user from making outgoing calls requiring certain pre-programmed dialling codes.

Unauthorised — and highly expensive — subscriber dialled international and trunk calls are eliminated.

The device can easily be sealed to facilitate security checks and is operated by the authorised user with a key available in 75,000 different combinations. Requiring no regular maintenance, the unit is fitted with a dial tone detector and will operate on dialled digits or on the signals produced by someone trying to tap in the digits on the receiver rest.

An internal "number unobtainable" tone generator indicates to the user that he he is trying to dial a barred number.

Supplied direct in the UK the unit would cost about £35, but Norton is at the moment trying to get approval from the Post Office.

Finds extension numbers

A CATHODE ray tube based device which might be of interest to company telephone operators enables any extension number to be found in under four seconds.

The system provides operators with immediate directory information on visual display units (VDU) and selections can be made from up to 23 listings on the screen at any one time.

Made by Lynton Communications, Downham Market, Norfolk PE38 9DX (03665 3719), the unit in its smallest L-3 form can store up to 4000 entries containing extension, surname, location and department. Searches can be made by surname or extension number and the system will also show all the people listed under a particular number.

Updating is done immediately on line during normal operation, so cutting out the need for extra directories listing new or changed numbers. If required a print-out of the complete directory can be obtained on A4 paper.

Standard VDUs are used, in conjunction with a microcomputer based on the Z80A and appropriate software developed by the company.

Starting price is about £8,000.

Scrambles the telex

A SMALL unit introduced by Merck and Hollander, 11 Reading Road, Pangbourne, Berks. (Pangbourne 2151), takes a standard telex tape, reads it and encodes it into a new tape using an operator-entered code number. The encoded tape is transmitted on a standard telex.

Data is encoded in a way which involves both the data of the message and the key number defined by the user which provides, says the company, a possible number of code settings which is equal to two raised to the power of 56.

The unit is called Hi-Tex and is automatically programmed to adhere strictly to all the international and local telex protocols, so that any message sent will be "transparent" to the international telex switching network.

One of the devices is needed at each end of the line. Designed for an office environment, they are easy to use and can be installed in minutes, ready to work with existing telex equipment. In the decode or receive mode the scrambled tape is converted back to the original message.

A pointer to the security of this system is that, according to the company, a big computer would take 10,000 years to find the code.

● RESEARCH

Protection of crops

THE EUROPEAN crop protection pesticides industry is to be the subject of a major study by Industrial Aids.

Fundamental aim is to make an objective assessment of changing trends in market requirements for active pesticide ingredients / formulated products and raw materials, the direction and speed of technological developments in formulation and application, the capabilities and activities of competitors, likely acquisition opportunities and the potential impact of changing national and EEC regulatory requirements.

The study will be based upon field interviews with manufacturers and distributors of pesticides, basic toxicants and compounding ingredients, trade associations and regulatory bodies in the UK, West Germany, France, Italy, Benelux and Switzerland. In addition, there will be an evaluation of production and trade statistics, a review of the relevant international literature and an assessment of the positions of the major producers and their product interests.

Results of the research will be collated and analysed and a written report produced in English in five volumes: UK, West Germany, France, Italy and European summary (the latter available only to subscribers who purchase the complete study). The total cost to initial subscribers is £2,750 or £750 for individual country reports. Inquiries should be addressed to Industrial Aids at 14 Buckingham Palace Road, London SW1W 0QP. (01-828 5036).

● SECURITY

Lights up the villain

ANY SECURE area can be illuminated by two 150 Watt floodlamps to the accompaniment of an ear-splitting 110 dB alarm using a sound actuated intruder alarm system called EX2 introduced by a new company called Existalarm of 32, Muswell Hill, London N10 3TR (01-883 0139).

The basic unit will sell for £295. Measuring only 280 mm x 150 mm x 160 mm and weighing 5 kg, it makes use of a solid state sensor which is described as "a solid state integrated circuit which can 'hear' an intruder."

The unit can apparently remember sounds to which it does not have to react and in addition it can be programmed to ignore accidental or unspecified sound—although if this continues for more than 30 seconds the alarm is triggered.

No installation or service cost is incurred with the basic unit and no wiring is required. It is powered from the mains but has a rechargeable battery for a 48-hour standby period.

Areas up to 15,000 sq ft can be protected. In all "attack" situations (glass breaking, forcing of doors) it reacts instantly.

Intruders or faults detected

DEVELOPED JOINTLY by Unit Inspection Company (part of British Steel) and Thermal Imaging of Cornwall is the 8030 thermal/visual overlay camera.

It uses a pyro-electric vidicon tube, an infra-red device which does not suffer from the drawback of needing a supply of liquid nitrogen for cooling purposes. Images can be viewed on standard television monitors or can be recorded on videotape.

Applications are expected to include intruder detection, hot-spot sensing in industrial plant, measurement of heat loss from buildings and the detection of faults in overhead power cables.

The tube has been modified by the designers to permit quantification of the detected heat sources, achieved by the usual method of superimposing isotherms; it is claimed that temperatures can be resolved to one degree C. It is also possible to overlay the thermal image on to a normal visual image.

Temperature measurements may be made from the internal monitor, or after the survey from a tape. Aperture setting, grey scale and gain are continuously displayed on the monitor.

Unit Inspection Co., 1 Union Street, Kingston, Surrey (01-549 7411).

● AGRICULTURE

Microwaves dry the grain

A MICROWAVE vacuum grain dryer, produced by McDonnell Douglas Corporation is under test by the U.S. Department of Agriculture at Tifton, Georgia. Production of dryers for a variety of industrial processes will begin this year.

McDonnell Douglas says that tests have shown that the dryer uses much less energy than conventional equipment when drying harvested crops. While conventional methods dry kernels sufficiently to prevent rotting, the hot air used usually hardens the outer surfaces making it difficult for internal moisture to escape.

The microwave system, says the company, heats the seed uniformly from the inside to the exterior and this prevents cracking.

Aeroglide Corporation of Raleigh, North Carolina, is subcontractor to McDonnell Douglas on this project. It is stated that manufacture of 100 kW units, much larger than the 12 kW prototype, will start by the middle of this year. With these units up to 1,000 bushels of corn per hour can be dried.

More information about this development can be obtained in the UK from McDonnell Douglas at 66-68, Goldsworth Road, Woking, Surrey, GU21 1LQ (04862 71311).

● STORAGE

Keeps it all tidy

MULTI-PURPOSE mobile shelving system in corrosion resistant stainless steel has been launched by G. F. E. Bartlett and Son, Maylands Avenue, Hemel Hempstead, Herts.

In order to reduce the cost of the Beaver units to its customers, the company will market them direct in an easily transportable knockdown pack complete with full assembly instructions and tools.

Available in four lengths, with plain or perforated shelves, the units will provide economical storage for almost any item from stationery supplies to laboratory equipment and foodstuffs.

FINANCIAL TIMES SURVEY
Wednesday January 30 1980

World Railways

The world fuel shortage has resulted in a resurgence of the railway's importance. In Third World countries new rail plans have become prestige projects. Such schemes are expected to provide a stimulus to equipment manufacturers as they vie for business.

Capital spending rising rapidly

By Lynton McLain

RAIL TRANSPORT in the 1980s is forecast to remain one of the few high-growth areas for industrial investment in the non-Communist world.

Spending on capital equipment this year is expected to exceed £14.6bn in non-Communist countries, a rise of over 22 per cent compared with 1979. The figure does not include estimated investment in 50 major mass transit systems, which is likely to reach £3.2bn this year.

Inflation accounts for part of the rise. Nevertheless, multi-million pound projects for updating, expanding and improving the efficiency of railways abound in advanced Western countries and in the developing world.

A resurgence of the railway as potentially the most fuel-efficient form of land transport may be under way, but in Third World countries many railways projects are increasingly taking on the character, first and foremost, of prestige national projects, often with the primary object of opening up remote country areas.

However, wherever the projects and whatever the motivation of the builders, the schemes can be expected to provide a powerful stimulus for greater efficiency among world manufacturers of railway equipment as they vie for business. This in turn may eventually have an impact on the operating efficiency of rail systems.

Europe, as the home of large scale rail networks, is again expected to dominate capital spending on railways in 1980, according to the latest annual world survey carried out by the International Railway Journal. European countries, excluding the Soviet Union and the Comecon countries, plan to spend more than U.S.$10bn on capital equipment this year.

The United States is likely to be the single most important national market for railway investment in the 1980s. Capital spending on railways in the U.S. this year is forecast to reach $5.5bn, a rise of 10 per cent compared with 1979.

However, although these two major economic zones are committed to increased spending on railways this year, the requirements of the two areas could not be more different.

Dominated

In the U.S., where freight dominates rail activity, more than 60 per cent of planned expenditure this year (about $3.5bn) is expected to go on new freight wagons. The potential for foreign manufacturers is clearly immense, but the U.S. market remains dominated by domestic manufacturers.

In contrast, European countries are forecast to spend $407m on new freight wagons this year, compared with a total of $1,070m they are likely to spend on new passenger equipment.

A quarter of European investment on railways this year ($2,228m) is planned to be spent on track modernisation and $1bn in likely to be spent on the construction of new lines, especially in France, Italy, Germany and Spain.

In terms of equipment, the non-Communist world is expected to buy a total of over 1,000 main line locomotives, nearly 4,600 passenger coaches and 41,000 freight wagons this year.

West Germany dominates investment in railways in Europe and plans to spend a total of £1,219m on capital equipment and rail schemes this year, making the country the biggest spender on railways in the non-Communist world after the U.S.

Dr. Wolfgang Vaerst, the first president of Deutsche Bundesbahn, the West German Federal Railway, defended this high investment in an interview with the International Railway Journal. He said that in comparison with other forms of transport in Germany, investment in Deutsche Bundesbahn had risen.

Federal Government subsidies and compensation payments for Deutsche Bundesbahn were expected to have reached DM 14.2bn (£3.59bn) last year compared with DM 10.6bn in 1975, when the network made a DM 4.4bn loss. Dr. Vaerst said he anticipated that the loss would have fallen to DM 3.9bn last year. The loss was expected to have fallen another DM 350m by the end of this year.

Losses are characteristic of most railways in Europe, and even British Rail, after three years of steadily improving performance, made a loss of almost £10m in the first half of last year.

In terms of investment, Britain comes low down the league table—it is in ninth place in a list of non-Communist countries outside the U.S.—and plans to spend £316m on capital equipment this year.

One of the problems which hit state-owned British Rail and almost all other rail operating companies last year was rapidly rising fuel charges. Partly as a result, in Britain at least, the clamour for more widespread electrification schemes grew.

An interim report of a joint British Rail/Transport Department study on rail electrification was published last year and the full report, with an economic evaluation of the options now being studied, is expected to be published in the spring.

United States Travel Service

An Amtrak train in the U.S. with some of the new Amfleet cars that are replacing older, less comfortable equipment

Generally, the pro-electrification lobby favours more schemes on the grounds of cheaper maintenance and lower running costs than are possible with a diesel-powered system.

British Rail, with Société Nationale des Chemins de Fer Francais (SNCF) also has ideas about building a single bore rail-only tunnel under the English Channel. The project as defined in an initial study would cost about £650m and, according to British Rail, may yield a return of about 15 per cent on capital employed.

The scheme cannot go ahead without the backing of the British and French Governments. Mr. Norman Fowler, the British Transport Minister, has not made his position on the issue clear and is waiting until an advisory report, from Sir Alec Cairncross, is presented, possibly before the end of February.

Benefit

Europe's railways may benefit from a tunnel—or bridge—across the English Channel and, partly with this in mind, the European Commission has started, after much talking, to move towards a "transport infrastructure" for the nine members of the EEC.

The Commission published its Green Paper in November, with ideas for discussion on a proposed infrastructure plan.

However, whatever the attractions of a fixed rail link across the English Channel, Britain's rail network has other high priority candidates for investment.

These include 60 sets of the potentially world-beating 150 mph electric advanced passenger train to be in service by the mid-1980s at a cost of £150m, and the much overdue replacement of ageing passenger rolling stock on the busy commuter routes in London and South East England.

The British Government, with British Rail's support, has insisted that each candidate for new investment meets an agreed financial target for return on capital. In the case of the APTs, as with other Inter-City investment, the requirement is a 20 per cent return on capital.

The targets are designed to encourage British Rail to operate within an agreed external financing limit set at £750m for 1980-81. This includes all investment, grants from local authorities and *central Government support for* socially essential services, such as those in the commuter areas.

In the financial year to the end of March, British Rail approached close to breaching its current external financing limit of £715m. To stay within the limit, British Rail on January 1 ordered minor cuts in the capital spending programme. Railwaymen were told that they would have to wait for a bonus which had been promised.

These tactics are likely to have set an unhealthy precedent for British Rail in its bid to remain within the cash limit set by the Government and one which has important implications for rail equipment suppliers.

The cuts became inevitable partly as a result of the problems the railways faced in Britain last year. These included the £15m cut to £715m in its financing limit, rising fuel charges, sluggish demand for freight services and the consequences of a self-imposed freeze on passenger fares for the whole 12 months.

But the cuts were also made unavoidable because British Rail made no progress on the desperately-needed improvements in productivity called for in the BR paper "Challenge for the '80s" — issued to the rail unions in November and the second such paper on productivity in less than four years.

British Rail Research has done some advanced work on ways in which technology can help improve productivity. The possibilities include automatic, driverless freight trains, atlhough British Rail's proposals to the unions stop at the "remote control of locomotives on merry-go-round workings at power stations."

Encouraging

Some of these ideas may find their first applications overseas and one of the most encouraging railway developments last year was the five-year agreement signed between Britain and China for railway and scientific co-operation. Mr. Guo Weicheng, China's Minister for Railways, *signed the agreement* with Mr. Norman Fowler, his British counterpart, after a two-week visit to Britain's rail industries.

The countries are to co-operate in modernising China's 31,000-mile rail network.

Japan has already signed a similar contract with China, but the British development calls for specific, detailed co-operation on a project to electrify almost 100 miles of track between Hong Kong and Canton; the use of marshalling yard equipment for controlling rolling stock; track cranes and the exchange of skilled and scientific staff.

A British Rail mission to China—the second in less than a year—is to visit the country in February for further talks. These may involve the possibilities of supplying containers, suburban rail systems and automatic train systems for power stations.

Success in China will open up a vast new market for the rail equipment manufacturing industries of the world. Competition for some of the major contracts likely to emerge will be intense.

However, only those countries that can offer sound commercial terms with low interest, long-term finance, an appropriate level of technology and the experience of efficient, well-managed railways in their home markets are likely to succeed.

RAILWAY INVESTMENT 1980

The Top 10 Non-Communist countries outside the U.S.

West Germany	£1,219m
South Africa	£786m
France	£740m
Nigeria	£534m
Italy	£476m
Belgium	£389m
India	£370m
Spain	£355m
Britain	£316m
Turkey	£264m

Source. International Railway Journal

ON OTHER PAGES

Freight systems in trouble

THE ENVIRONMENTAL lobby in the transport world — those who favour a massive move back to the railways of freight now carried by road — must be disappointed by the desultory impact the rapid rise in fuel prices has had on freight transport.

Since the Middle East war of 1973, which marked the start of escalating fuel prices, the movement of goods by road, in Britain at least, has increased, largely at the expense of the railways.

Government figures show that, in 1973, road haulage accounted for 90.4bn tonne-kilometres. Rail accounted for 25.6bn tonne-kilometres.

But by 1977, the latest available figures, road transport accounted for 98bn tonne-kilometres, while rail had dropped to 22.8bn *tonne*-kilometres, over a period when the total movement of goods had increased from 141.4bn to 152bn tonne-kilometres.

These figures are disturbing for railwaymen. But even more worrying are the tonnage figures, which show that the road haulage sector's carryings dropped from 1.672bn tonnes in 1973 to 1.422bn tonnes in 1977. When these tonnage figures are considered with the "movement" figures, they show that road hauliers, in a period of rapidly rising fuel prices, started to carry goods over longer distances.

This marked a substantial inroad into the one sector where *rail freight is traditionally* supposed to score over road: long-distance hauls.

In fact, rail freight tonnages and their movement have both been falling, with occasional short-lived reversals of the trend, for the past quarter of a century in Britain.

For British Rail these developments are still its legacy despite far-reaching, almost revolutionary, changes in the way freight is handled on parts of its network.

More automation has been introduced to the railways, with higher speeds, less single-wagon working and more container traffic, as operated by the Freightliner subsidiary of BR. And BR has developed advanced computer techniques for its Speedlink wagonload freight transport system.

The first of the air-braked wagons operated between Bristol and Glasgow eight years ago. The government of the day eventually approved a substantial investment programme for a full national Speedlink service.

Another target for British Rail is for this service to eventually replace completely the traditional mixed trains of wagons, some of which still operate out of obsolete marshalling yards.

Brief calls

Speedlink trains do not get shunted into marshalling yards on the journey. They call only briefly at a few, strategically planned junctions to attach or detach wagons.

British Rail describes Speedlink as "the freight system of the future," and it also operates an advanced computer system, the TOPS Total Operations Processing System.

TOPS is a real time computer system which enables BR managers to monitor and control continuously the movement of wagons.

However, the irony of British *Rail's involvement with* computer technology on the freight system is that it has to operate alongside the largely redundant marshalling yard system it is designed to replace.

British Rail would like to phase out and eventually close completely most of the 458 rail freight terminals and the 38 wagon marshalling yards, which will not be needed with the Speedlink system. These are a drain on the financial resources of British Rail, which has been set by Government an agreed target for the financial return to be achieved by the freight business.

Instead, as well as expanding *Speedlink further, British* Rail wants to concentrate more on developing specific freight routes for intensive use by bulk raw materials, fuel and container trains.

Serious trouble

The freight business broke even for the first time in 1978, but it is known to be in serious financial difficulties once again.

British Rail is reluctant to publish its financial target for freight, although the target for the Inter-City services is known to be a 20 per cent return on capital employed.

The general guidelines for the freight business, however, are understood to be a requirement that it covers its own investment needs from revenue and from grants on a replace*ment basis at current cost.* This would be after meeting the direct and indirect costs of the rail system and after paying the freight share of interest charges.

The practical difficulties are immense, particularly at a time when there is no sign of a move away from road freight.

At the moment rail is only competitive for "collection and delivery" general freight traffic over distances greater than 400 miles if wagon repair and other costs are included. When the provision of new rolling stock is taken into account the cost advantages of rail become even more distant, as the capital costs broken down for each journey are considerably higher for a rail wagon than for a new 32-tonne lorry.

British Rail is acutely aware of the need for improvements in productivity on its freight system. It has discussed a broad strategy with the rail unions, but one of the major obstacles is BR's insistence that "excess marshalling yard capa*city must be eliminated*."

Remote control of trains is also a possibility for improved efficiency.

However, British Rail is not the only rail network in Europe *suffering from redundant* marshalling yards. The Deutsche Bundesbahn, West Germany's national railway, hopes to cut the number of yards from the current total of 135 to 59 in the early 1980s.

In Belgium, the SNCB national *rail operator is attempting* to come to terms with a Government call to abandon much of the traditional and inefficient wagonload and small volume freight business.

The Government wants the railways to cut the existing 440 freight depots to 250, to stop the use of many private sidings, cut the number of marshalling yards from 35 to 10 and to concentrate on full trainloads.

In Japan, home of the advanced high-speed Shinkansen passenger rail train, the freight business of the railways is in serious financial trouble. Since the late 1950s, Japan National Railways' share of the country's total freight transport has dropped from about half to 12 per cent.

The steady exhaustion of natural resources, *especially* coal, is a major factor in the decline. The substitute of imported coal has not made up the decline because so much industrial activity is now on the *coast of Japan and short* road haulage and coastal shipping is the most competitive means of transport.

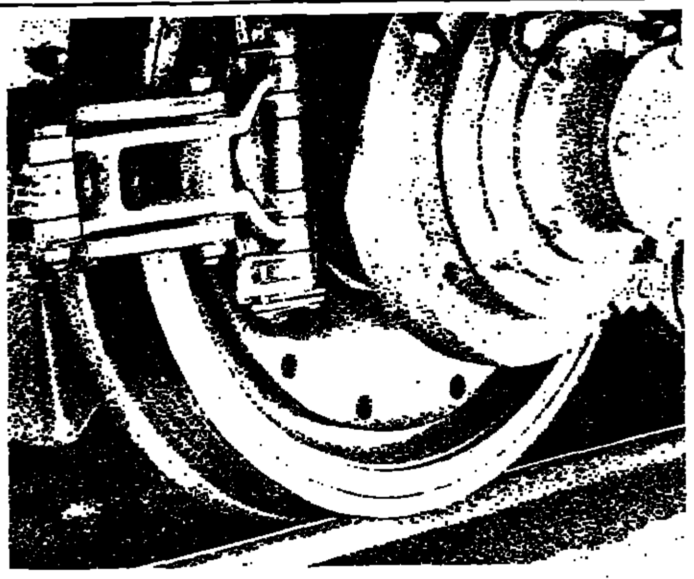
But where Japan has succeeded in making progress on its rail freight systems is in the use of single commodity train working.

Japan also has a computerised freight handling system and has extended it to its container depots for controlling crane operations.

Perhaps not surprisingly, a high point of even the depressed freight system on Japanese railways is the use of advanced technology to attempt to solve problems. In particular, Japanese National Railways is planning the near full automation of marshalling yards. The main yard for the Tokyo area has already been automated.

Despite the *benefits that may* come from such a degree of automation, Japanese National Railways is still beset by constraints which may prevent freight becoming viable in the near future. *Constraints include* the traditionally paternal attitude of Japanese employers —including JNR—to their employees, which means that natural wastage is almost the *only way to reduce the total* labour force.

Lynton McLain



Japan's ML 500R experimental linear motor vehicle undergoing tests at the Japanese National Railway Centre at Hyuga. It's target top speed is 310 mph

Research bolsters export markets

RESEARCH INTO railway technology in the leading European industrial nations and Japan has assumed considerable new importance in recent years, for at least three reasons.

The root of the requirement for continued research is the common problem facing railway administrations around the world: the need to raise productivity and to use existing resources—technical and human —more efficiently.

New technology, particularly when applied to existing railway equipment, is increasingly seen as a cost-effective way of raising productivity. Cuts in maintenance requirements—which are traditionally labour-intensive—are often a fundamental target of applied research.

A second, less *obvious reason* for the rising importance of research and new technology is the growing need for prestigious national projects. These are regarded increasingly as essential back-ups for a country's rail equipment industry, where the products may be less exciting, but vital to keep domestic workshops busy.

In particular, the development of high speed trains—in Britain, France, Germany and Japan, for example—has started to assume an importance beyond economic and operational reasons linked with passenger appeal. They are seen also as demonstrations of excellence in engineering which will help the export efforts of a nation's rail industry in general.

The third reason for continued research is the spin-off for all aspects of the rail business. Britain has an excellent example of this in the so-called "cross-*braced bogie*" now being marketed by British Rail Research and Development and the private sector, Gloucester Railway Carriage and Wagon Company, for the developing world, in particular.

The bogie is a direct spin-off from the years of work carried out into the dynamics of high speed rail vehicles by British Rail at the Railway Technical Centre, Derby.

The electric advanced passenger train now under test by British Rail was the major end product of this research, which enabled a 150 mph passenger train to ride safely at high speed on existing track, despite curves which would otherwise require slower running.

For the developing world, the cross-braced bogie may, in a less dramatic way, help passengers and freight trains negotiate bends safely at higher speed and with less wear on track.

The search for higher speeds dominated much of Japanese rail research in the 1960s and *1970s. One of the results, the* Shinkansen high-speed "bullet" train, has been a success.

The losses of the first year, 1965, when expenses exceeded revenue by 23 per cent, have been replaced by operating profits, although the margin has fallen compared with 1973, one of the "bullet" train's most successful years, when expenses accounted for 46 per cent of revenue.

The reputation of Shinkansen has had an effect, in competitive overseas markets for other rail products, of enhancing the status of Japanese rail technology, despite the continuing and heavy operating losses of much of the rest of Japanese National Railways.

In France, research into high-speed trains has also given the Société Nationale des Chemins de Fer Français (SNCF) a reputation for engineering excellence which is carried over into other, less prestigious fields of railway equipment production. The 162 mph TGV Paris to the south-east express train is expected to start full-scale test running on the new line in June or July.

Britain's 150-mph advanced passenger train—which, unlike the French TGV, is able to use existing track because of its ability to take bends at speed—is to enter passenger service in May. By then, the Government should have received British Rail's request for a full fleet of 60 APTs, to be in service by the mid-1980s between London and Glasgow.

British Rail is determined to prove its case to spend *the estimated* £150m required. Much is at stake, for BR is already facing stiff competition on the Glasgow route from British Airways and believes it has exhausted the growth potential of its existing 100-mph electric service on the route.

The continued success of Inter-City is regarded by BR as essential for the future of much of the rest of its network.

L.McL.

Developing world buying most new wagons

THE MANUFACTURE of rail freight wagons this year for countries outside the U.S. and the Communist bloc is expected to total more than £505m out of a total expenditure on railway equipment expected to exceed £7.6bn in the same period.

A high proportion of the planned spending on freight wagons is likely to be made in the developing world, with Mexico leading the field with a major equipment programme totalling more than £89m in wagons alone. Bangladesh has plans to buy £44m-worth of wagons.

However, other, more developed nations, including South Africa, which plans to spend over £60m, and Turkey, which is to buy £40.4m-worth of wagons, are also clearly excellent markets for the growing band of manufacturers.

In Europe, West Germany has the grandest purchase plans with hopes of buying £48.5m *worth of wagons. Spain is look*ing for £36.9m-worth of wagons and France £25.5m, while Britain expects to buy £22.6m-worth. France has a powerful wagon-building industry based on companies such as Famet-Girel, CFMF, and SNAV.

Elsewhere demand is scattered, but includes most of the developing railway companies in the West. Japan is notable for the absence of plans to buy wagons this year, almost certainly a reflection of the downturn in demand for rail freight services and poor viability of the country's rail freight system.

However, problems of running a viable rail freight network are not restricted to Japan. In Europe, the Union Internationale des Chemins de Fer—UIC — has figures which show *that demand for rail freight* transport in most of the leading European nations has remained near-static since the mid-1950s.

In some countries such as Britain, *however, the movement* of freight by rail fell from 25bn tonne kilometres in 1965 to an estimated 19.9bn tonne-kilometres in 1978.

This was by far the greatest fall and compares with the rise in rail freight movements recorded by France, Belgium, Italy, Denmark, Ireland and Luxembourg.

The total for all European railways, including those in East European states, rose from 433bn tonne-kilometres in 1965 to 535bn tonne-kilometres in 1977.

The West German federal railway hopes to treble the volume of freight transport carried by rail by 1985, so it is probably safe to assume that as the target date approaches more of its investment in wagons will be in equipment to increase the total size of the fleet. West German wagon makers include Wagonfabrik-Talbot and Linke-Hoffman-Bush.

However, Britain's Railway Industry Association, which represents 40 member companies including wagon builders, believes the world's rolling stock industries may now be faced with over-capacity as developing countries install their own production lines.

*India has at least nine com*panies, including Steel Industries, BEML, Burn Standard and Cimmico International, which produce locomotives, coaches and wagons. Korea, also a developing force, has four main companies, including Hyundai and Korea Shipbuilding and Engineering Company producing wagons, coaches and locomotives.

Powerful

The East European countries are also increasingly powerful competitors, with Poland, Czechoslovakia and Hungary *among the main producers.*

In Europe, Britain remains one of the leading producers, but France dominates some markets, particularly in French-speaking African countries, although Algeria and Morocco are attempting to become more independent of external suppliers.

Britain's wagon and rolling stock industry has a strong nationalised production sector and a private sector which is strong in specialised products and markets, but somewhat fragmented.

The nationalised sector is British Rail Engineering (BREL) a subsidiary of the state-owned British Rail Board. The company had a turnover of about £400m last year, but only about 10 per cent of this is either export work or work for private companies. The rest is repair work for British Rail (49 per cent of turnover in 1978), parts supply and service work (18 per cent), new locomotives and rolling stock for British Rail (24 per cent).

British Rail Engineering sold more than 500 wagons overseas in 1978 and earned export orders worth almost £50m. The *subsidiary expects to make 1,000* wagons at its Ashford works this year of which 90 per cent are for export. The Shildon works is to produce 1,800 wagons, which will include 100 *for private companies.*

The private sector of the wagon and rolling stock industry in Britain is dominated by a number of medium-sized companies, including Procor (UK), Standard Rail Wagon, Metro-Cammell, Gloucester Railway Carriage and Wagon Company, W. H. Davis and Sons and the Powell Duffryn Wagon Company.

Private share

British Rail Engineering and the private sector manufacturers may get the chance for greater co-operation if tentative plans now being considered by the British Government are carried out. Mr. Norman Fowler, the Transport Minister, is considering the future of British Rail Engineering and may try to encourage private *investors to take a share* in the company.

This would have the effect of breaking BREL's position as monopoly supplier to British Rail and may please sections of the British Rail Board *which* would like to open some of its equipment requirements to the private manufacturers in the light of previously poor labour relations and deliveries at BREL workshops.

However, the latest figures from BREL show that the production lost through industrial troubles fell last year to 25,328 man-hours compared with 486,757 man-hours in 1978.

As a result, the proportion of repairs called for by the BR Board which were delayed fell, in the case of locomotives from 7.8 per cent in 1978 to zero last year; *for wagons from* 18 *to* 5.2 per cent and rose only for coaches by 0.6 per cent to 11.1 per cent.

These improvements, if maintained, may make BREL attractive to *private investors, if* the Government goes ahead with its ideas to divest the railways of those activities not directly connected with running the railways.

L.McL.

WORLD RAILWAYS III

Increasing demand for electric locomotives

WITH THE NOTABLE exceptions of India and China, the worldwide transition from steam to diesel and electric locomotives is all but complete. True, there are still steam locos around, but in terms of tonnage hauled their contribution is negligible.

But to work out the size of the market for replacement locos it is not yet possible to divide the total number in service—about 180,000—by an average life of, say, 25 years to arrive at an annual production of 7,200 units a year. For a number of reasons the actual figure is somewhat less—between 5,000 and 6,000—although this still represents a total annual investment of well over £2bn.

First, there is a marked trend towards higher power. America has standardised on 3,000 to 3,600 hp but still has many thousands of 1,500 hp locos among the 28,000 in service; thus the total is static even though the tonnage hauled is rising.

Second, a fairly rapid process of concentration is taking place within rail freight, the sector in which the vast majority of locomotives are employed. Trains become heavier and marshalling yards larger but fewer in number.

Largest builder

Third, the world's railways are being electrified at the rate of nearly 5,000 km a year, especially in the Soviet Union—by *far the world's largest builder of* electric locomotives—which is producing more than 400 a year. Here units of 8,000 and even 10,000 hp are each replacing three or four diesels.

Add to this a trend in the passenger business away from locomotives towards multiple-unit trains, and it could well be the case that in terms of numbers locomotive production has peaked. Gross horsepower, however, is certainly at record levels and may climb further in the 1980s.

Although the Communist bloc has a very large proportion of total manufacturing capacity, producing 2,500 diesels and 700 electrics a year, it is largely a self-contained market with little impact on the outside world.

The Electro-Motive Division of General Motors dominates the non-Communist world because of the size of the American market. The 1,900 locomotives (some were rebuilds) bought by U.S. railways last year was the highest total since 1953. EMD has about 75 per cent of this vast market, and therefore is able to impose a degree of standardisation on its customers, both at home and abroad, that European competitors can only envy.

Last year EMD turned out 1,326 diesel locomotives from its highly-automated plant at La Grange, Illinois, using its famous 645 two-stroke engine. EMD has exported to 55 countries, and established subsidiaries, such as General Motors Canada, which competes successfully with its parent—securing business recently from the Ivory Coast and New Zealand.

But U.S. General Electric, squeezed in its home market as far as EMD dares without attracting anti-trust action in the courts, is especially active overseas. Apart from direct exports, there are subsidiaries like General Electric do Brazil which exports to Portuguese-speaking Mozambique as well as to Uruguay, Chile, Bolivia and Argentina.

In Canada, Bombardier takes the lead in locomotive exports using designs that originated with Alco (the American Locomotive Co.).

Japan's exporters have been badly hit by the high value of the yen, and few orders have been won in recent months by the principal builders: Hitachi, Mitsubishi and Kawasaki. Biggest order on the books is 50 electric locomotives now being delivered by Hitachi to South Africa.

Rail freight in Japan has lost out to road and coastal shipping, and multiple-unit cars are favoured for nearly all passenger work. Thus the home market for locomotives has almost disappeared.

British builders suffered a similar setback in the 1960s, when the feast of orders following the 1955 decision to switch to diesels in a hurry was turned suddenly into a famine by Dr. Beeching's arrival as Transport Minister in 1961. Private sector capacity to build main line locomotives was virtually eliminated.

British Rail's workshop subsidiary, BREL, fulfils domestic requirements, currently producing 20 locomotives a year. Companies such as Hunslet are still building shunters; indeed, Hunslet and BREL joined forces three years ago to supply 35 shunters of 525 hp to Kenya.

As a supplier of diesel engines and electrical components, GEC also maintains a strong interest in locomotive manufacture, but export bids involve teaming up with an *overseas builder.*

Important orders

Union Carriage of South Africa has built electric locomotives as sub-contractors to GEC on two important orders: for Taiwan, and a new 800 km iron ore line in South Africa electrified at the rare voltage of 50 kV.

GEC also secured a major electrification contract three years ago in Brazil which includes the supply of locomotives to haul 12,000-tonne ore trains. To build them, a new plant was to be set up locally in partnership with Villares. Unfortunately, GEC's contract has been bedevilled by indecision as to which routes should be electrified and work on the locomotives has not started.

There is concern over BREL's failure to meet production targets to provide British Rail's motive power, and every expectation that a big 20-year electrification programme will be authorised later this year that will create a steady demand for locomotives.

In any event, the 2,000 main-line diesels built for British Rail between 1956 and 1963 will be life-expired in the 1980s, so there is bound to be a requirement for between 50 and 100 locos a year in the medium term.

Hawker Siddeley's subsidiary, Brush, is creating new manufacturing capacity in the hope of cashing in on this prospective demand; and this would place Britain once more in a position to export complete main-line locomotives.

Like the Japanese, German builders have been hard hit by a strong currency. France has been more successful, exporting 300 locomotives in the four years 1975-78, mainly to the former French colonies which remain remarkably faithful. Alsthom of Belfort dominates the industry here.

The big question for the future is whether the switch from diesel to electric traction stimulated by successive oil crises will weaken the remarkable grip which EMD has established on the rather limited sector of the locomotive market which is truly competitive.

It was ruthless standardisation and a dedication to mass production unusual in the railway industry which put EMD in the lead, but the Americans are a long way behind Europe when it comes to electric traction. Where EMD builds a 3,000 hp diesel for $1m, the ASEA-designed electrics are costing Amtrak more than $2m each. In Europe, however, an electric loco is about 25 per cent cheaper than a diesel, as one would expect since there is no costly prime mover.

There is little doubt that demand for electric locos will grow as diesel business declines. Because of differences in power supply it is more difficult to design and market standard electric locos, but standardisation of components could go a long way.

There is good business to be done by companies which can supply proven electrical equipment at a competitive price, even though governments increasingly will wish to see locomotives built within their own borders.

Richard Hope
Editor, Railway Gazette International

Big spending on new track

TRACK, PERMANENT way and signalling are among the most vital areas of rail technology in terms of world trade and because technical standards in these areas often determine the level to which a country's railway technology, as a whole, can aspire.

A measure of the importance of these industries is given in the latest available figures on world railway projects. A poll from 44 developed and developing nations taken towards the end of last year by the International Railway Journal, shows that these countries expected to spend a total of almost £3bn this year on new railway track, improvements to existing track and on signalling systems.

This total, of £1.126bn for new track, £1.343bn for track improvements and £456m for signalling equipment, accounts for 38.4 per cent of the total planned expenditure of £7.626bn on all aspects of railways in the 44 countries this year.

But, in spite of the importance of the sector in value terms, it is often overlooked by those outside the railway industry.

The developing world, together with Italy, France and the Netherlands, dominate spending this year on new track, in those countries outside the U.S. and the Communist bloc.

Britain, on the other hand, does not plan to spend any money on new track, although it hopes to spend £77.1m on track improvements.

Nigeria leads the world league table in plans for laying new track in 1980, with expected expenditure totalling £494.6m. In contrast, however, Nigeria expects to spend only £96,000 on signalling.

Italy is second in the world league with plans to spend £167.4m on new track and almost £100m on track improvements.

France is third, with £101.8m of investment in new track planned for this year, on top of £215.9m planned for track improvements. This total of £317.7m on track alone exceeds the total of £316m British Rail expects to spend on all forms of railway investment.

The Netherlands expects to spend £56.9m on new track and £5.4m on improvements.

South Africa, with an established network, plans to spend over £104m on track improvements with a much smaller amount on new track. Elsewhere, Spain, Venezuela, Brazil and Australia all have plans to spend from £25m on new track this year.

In the signalling sector, marked differences occur between the developed western nations and those in the third world, with the greatest spending outside the U.S. and the Communist bloc expected to take place in the leading European industrial countries, including Britain.

West Germany leads the league table for planned expenditure on signalling equipment, with the prospect of spending over £97m this year. France is second outside the U.S. and the Communist countries, with plans to spend £61m over the year.

Britain is third, with plans to spend £53.1m on signalling, making it the third most important railway industry sector this year in the UK, after track improvements at £77m and passenger coaches at £56.3m.

Italy also has ambitious plans for investment in signalling, with over £47m budgeted for this year. Spain aims to spend £43m on signalling and Belgium £38m. The emphasis on signalling in Europe underlines the higher densities of railway operations.

Active companies

Few developing nations intend to spend more than £1m on signalling this year. Some countries, including Cameroon, El Salvador, Honduras, Malawi and Nicaragua plan to spend nothing.

Britain has more than 30 companies active in the track and permanent way fields—more than any other western country—and it has an established lead in many aspects of the technology. Many of the British manufacturers are members of the Railway Trackwork Engineers trade association, which with the broader Railway Industry Association, promotes the activities of the component industries making up the trackwork industry.

The members include A.I. Welders of Inverness, makers of resistance rail welding and other specialised rail equipment machines; Edgar Allen Engineering of Sheffield, which specialises in making manganese steel rail switches and crossings; Henry Boot Engineering, also of Sheffield, which provides a survey, design and trackwork laying service, as well as manufacturing switches, crossings, buffer stops, signal fittings and allied products and Grant Lion Eagre of Scunthorpe, which makes switches and crossings and builds complete railway systems.

Thos. W. Ward (Railway Engineers) provides a comprehensive design and manufacturing service in rail equipment. The company was formed from a consolidation of the railway engineering activities of Thos. W. Ward, Taylor Brothers (Sandiacre) and the Railway and General Engineering Company.

Equipment from the company includes switches, crossings, timbered trackwork layouts, narrow gauge and high speed track, fastenings, buffer stops, baseplates, sleepers, timbers, lever boxes and bolts.

The sleeper industry in Britain is dominated by Dow-Mac Concrete of Stamford and the Costain Concrete Company of London. Both companies specialise in designing and making pre-stressed concrete monobloc sleepers.

Railway lines are produced by BSC Track Products, part of the State-owned British Steel Corporation.

Two other vital sectors of the track and permanent way industry are rail fastening manufacture and machinery for installing track and rails.

Companies which make plant and equipment for installing and maintaining track include the Permanent Way Equipment Company — Permaquip — of Nottingham; Plasser, of West London, part of the Austrian group Plasser and Theurer of Vienna; Cowan and Sheldon of Carlisle; Portec (UK) of Wrexham, part of the Portec Inc group of Illinois. D. Wickham and Company of Ware, Hertfordshire, makes a range of self-propelled railway track and overhead line inspection cars, and related equipment.

Pandrol, based in London, is one of the leading companies in the world for the supply of resilient rail fastenings. Its story is one of the greatest, but least heralded successes of Britain's railway industry, and involves a mass produced product whose cost is in pence rather than pounds, but which contributes to the success of railways throughout the developed and developing world.

The Pandrol rail clip—now standard equipment for British Rail—has been made in Britain, or under licence around the world, since 1959. Since then over 224m have been made in six variations and with more than 300 different assemblies. The success earned the company the Queen's Award for Industry in 1974.

Among the technical successes of Britain's rail track engineers is the technique known as "paved concrete track." The PACT system was developed by British Rail Research at the Railway Technical Centre Derby, in conjunction with McGregor (Paving).

A special paving train, called a slip-form paver, combines pre-mixed concrete and sections of reinforcement material into a continuous reinforced concrete slab along the route at a rate of 40 metres (130 feet) an hour.

The system is particularly suitable for use in circumstances where maintenance of conventional track would be difficult, such as in tunnels or on viaducts. The system has already been used on the Tyne and Wear Metro.

Britain has also used its expertise in trackwork to update track for use by the current generation of 125 mph high speed diesel passenger trains now in service. In other countries, particularly Japan, the solution to the demands of high-speed trains has often been to build new track.

The 150 mph potential of the electric advanced passenger train is also expected to be realised on existing track—when the signalling has been updated.

Throughout the advanced industrial countries, the market for signalling and computer control and related equipment is expanding rapidly. Higher speeds on main line track and more intensive operations on urban rail networks have played their part in this expansion.

The search for higher productivity is also a factor, and work is now under way, in Britain and elsewhere, on more automated systems, radio techniques and remote control, particularly of freight trains.

Dominated

In Britain, 10 companies compete for world markets, with Plessey, ML Engineering and Westinghouse (now part of Hawker Siddeley) among the competitors for the British GEC subsidiaries.

The U.S. home market is supplied by more than 20 manufacturers including Bendix and General Electric. The market is dominated in Sweden by Ericsson, and Japan has Nippon Signal and Fujitsu

The industry in West Germany has some of the biggest names in the business, with Siemens and AEG Telefunken providing equipment for rail networks across the world.

France also has a powerful sector, including CSEE, which makes remote control equipment, cab signalling and automatic train stops; Saxby, which devises centralised traffic control and other automated systems and Alsthom-Atlantique.

The rapid growth in the market for metro, urban and other mass transit rail systems has opened up the possibility of automatic revenue collection equipment becoming a major sector in its own right.

London Transport has plans for a £55m system to cover the entire London underground system with automatic fare collection equipment.

L.McL.

More countries opt for electrification

ELECTRIFICATION OF rail systems around the world took a number of positive steps forward last year.

A rising number of countries became committed, to a greater or lesser extent, to rail electrification in the interests of potential improvements in operating economics and reduced maintenance costs.

According to a recent poll by Railway Gazette International, 13 per cent of the world's railways are now electrified.

Even in those countries, like Britain and Canada, still not committed to a major programme of electrification of national rail networks, debates are nevertheless under way.

In Britain, the debate has its origins in the recommendations of the House of Commons Select Committee on Nationalised Industries, in May 1977. The Government and British Rail accepted the spirit of the recommendations and undertook a joint review of the potential for electrification.

The interim report of the "Review of main line electrification" was published in September. But the final report, which will include the vital cost-benefit studies of a range of options for further electrification in Britain, is not expected to be published until the spring.

Britain already has 3,700 route-kilometres electrified. The interim review describes a range of options for further electrification, including an ambitious 20-year programme to electrify up to an extra 4,800 route-kilometres.

The other options range from an extra 600 route-kilometres to 2,800 route-kilometres considered suitable for electrification.

New criteria

However, these remain options and whichever one, if any, is chosen, will almost certainly have to meet new Government criteria for Inter-City route investment. These are the new financial targets set by Government and agreed with British Rail and they call for all investments to show a return of 20 per cent on capital employed.

But in sharp contrast to Britain's still-undecided position on further main line electrification, France, through the Societe Nationale des Chemins de fer Francaise (SNCF) has set itself spectacular targets.

By the end of the century, SNCF intends to haul 82 per cent of all long-distance inner-city passengers, all Paris commuters and 88 per cent of all freight on fully electrified rail routes.

The Middle East war of 1973 appears to have marked a turning point for electrification in France. In 1970 uncertainties about the economic viability of greater electrification kept the French railways' plans for further electric traction almost at a standstill—no expansion beyond the then 9,360 route-kilometres was envisaged.

But since 1973, SNCF has decided to add a further 4,000 route-kilometres to the list of electrified lines over the next 10 years.

The importance of oil to the operating economies of railways varies from country to country. In the case of British Rail, the proportion of working expenses accounted for by fuel costs rose from 4 per cent before the 1973 oil crisis to 7 per cent in 1977, after the first rounds of steep oil price increases.

But the Government, in its evaluation of proposals for more electrification, will be aware that British Rail's use of fuel oil — at 800,000 tonnes a year — is small compared with national consumption of 24m tonnes annually. Direct oil savings from electrification are therefore likely to be small.

Nevertheless, transport in all its forms accounts for just less than a quarter of total energy consumption and the continued rise in the price of crude oil may well have sharpened the minds of railway planners and Governments to consider a fresh appraisal of the merits or de-merits of electrification.

Governments which joined the ranks of those considering or favouring electrification last year include those of Colombia, Pakistan, India and South Africa, according to Jane's World Railways.

The directory says that Pakistan's doubts in the mid-1960s about the viability of the conversion project between Khanewal and Lahore have now been replaced by a new enthusiasm to electrify the whole line from Karachi to Rawalpindi.

India, which still operates more than 8,000 steam locomotives, offers the electrification equipment manufacturers of the world enormous opportunities for sales.

Last year Indian Railways was expecting to spend the equivalent of $U.S.30m on electrification. This compares with the $U.S.36.2m budgeted for electrification by the Brazilian Federal Railways (RFFS) last year.

Italian State Railways (FS) planned to spend U.S.$47m and South African Railways (SAR) announced projects for converting existing lines to electric power worth U.S.$42m last year.

In the case of British Rail, its most ambitious scheme—to electrify an extra 4,800 route-km—would extend electrification to secondary routes. But, according to Mr. Paul Goldsack, editor of "World Railways" "conversion on this scale will requ[illegible] new technology to jus[illegible]e expense." This c[illegible]de the development of [illegible]um sulphur battery, he [illegible]ed.

Su[illegible] a solution is many years away, but eventually it could avoid the need for expensive overhead electric power lines, a feature which may prove to be attractive to developing countries where finance is often not available for widespread overhead schemes.

Britain's Railway Industry Association, which represents UK manufacturers of all types of railway equipment, is optimistic about future technical developments in overhead electrification, which may help to reduce capital and maintenance costs.

Progressive

The association said in its document on the case for electrification that, taking the electric system as a whole, progressive development has reduced the initial and operating costs. The capital cost of overhead line equipment has been cut by 30 per cent in real terms over the past 10 years.

At the same time, less maintenance is now required for overhead lines and the speed capability has been increased.

Britain's 150-mph electric advanced passenger train is expected to enter service in May — powered by overhead lines from London — carrying passengers at 125 miles an hour until the signalling system can be upgraded for the higher operating speeds.

Britain, although not committed to a major national programme of electrification, is expected to spend £11.3m on new electrification schemes—mainly for suburban services—this year, putting British Rail into tenth place in the world league — for non-U.S., non-Communist countries—for electrification programmes.

In comparison, France leads the field, with plans to spend £52.1m this year. Belgium is second with plans to spend £52m and Spain, third, plans to spend £43m.

The Soviet Union has already pressed ahead with major schemes, but Canada, which also has vast distances and a constantly busy freight and passenger network, does not plan to spend anything on electrification this year or perhaps for the foreseeable future. Diesel electric locomotives will continue to be the main power source on Canadian railways until the expense of electrification can be justified.

However, the opportunities for manufacturers elsewhere are potentially enormous. The Railway Industry Association's industrial members have identified more than 70 major opportunities for companies in the field of electrification equipment and design.

The total value of 40 of these rail electrification schemes is estimated by the association to be worth at least £1.7bn to the British industry.

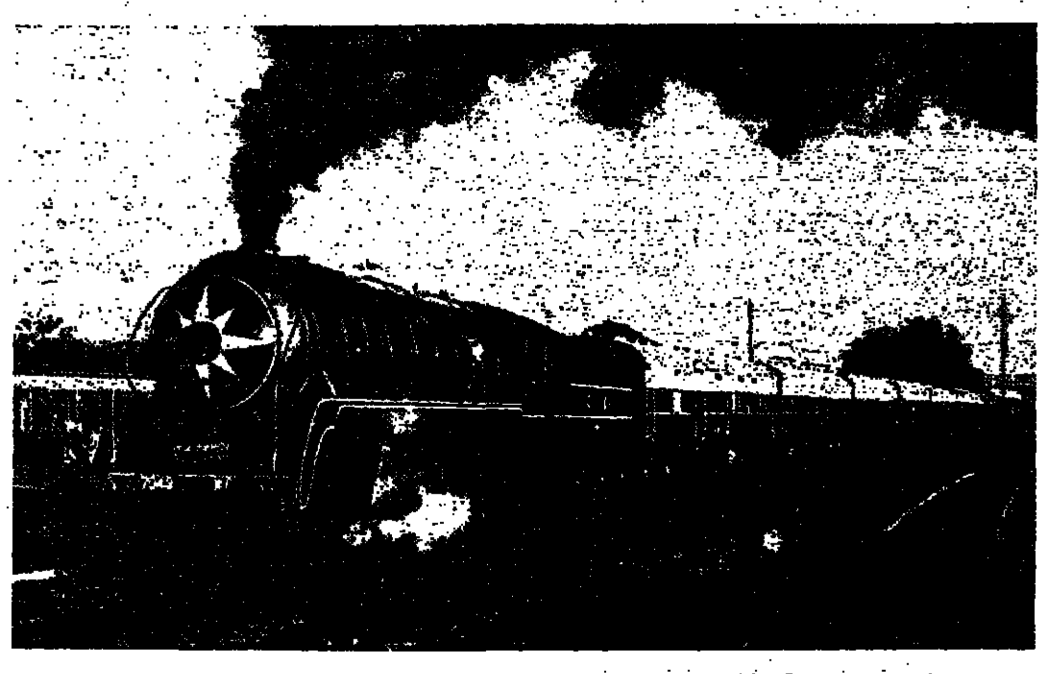
The association says that the home railway, with a firm commitment to a programme of railway electrification, can provide a base load for industrial production, a proving ground for technological development and a shop window for potential world customers.

L.McL.

India speeds long-distance passenger services

INDIA'S RAILWAY system, which was begun 127 years ago, is now Asia's largest—and the world's second largest—rail network under a single management.

Since the time of colonial rule in India—the first train steamed out of Bombay on April 16, 1853, to the salute of 21 guns—the rail system has been expanded from a single track of only 33 km to a vast network of more than 62,000 route km. Today, Indian Railways has become the main "artery" of the sub-continent's transport system, with 11,000 trains carrying 67 per cent of all freight and 40 per cent of passenger traffic. This amounts to more than 9.5m passengers and 650,000 tonnes of freight every day.



The Taj Express, one of India's 8,000 steam trains, thunders out of Delhi en route for Agra. This service is popular with tourists making a day trip to visit the Taj Mahal at Agra

India's rail Minister—just appointed by Mrs. Indira Gandhi, the Prime Minister—is Mr. Kamala Pathi Tripathi, a former chief minister of Uttar Pradesh. He has held the posts of rail and shipping Minister under previous administrations.

One of his important tasks will be to encourage further development of long-distance "inter-city" passenger services. Since India's passenger trains crossed the 100 km/hour barrier, in recent years (and speeds of 140 to 160 km/hour are now envisaged), many inter-city journey times are being considerably reduced, for example Delhi to Madras, which once took 48 hours, now lasts half that time. The Bombay/Delhi service, once a 24-hour trip, has been cut to 17 hours.

Achievement

By any standard, India's State-owned rail network has grown into a vast undertaking, representing a total investment of Rs 59,000m (£3,300m), yielding an annual revenue of about Rs 21,000m (£1,166m).

Although Indian Railways consistently remains in profit (Rs. 1,262m, that is £70m in 1977-78), the network's long-standing achievement has been to provide relatively cheap transport for an economy which has grown steadily under the guidance of successive five-year plans.

The railways have long been India's biggest employer. Each one of the 1.5m people employed is, technically, a Government civil servant — which gives India the world's largest civil service. Many more people are indirectly employed by the railways—it is said that one in every 20 people in India is earning his livelihood directly or indirectly from the system.

India's multiple-gauge railway links a network of 7,000 stations. Nearly 30,000 km of track are broad gauge (that is 5 ft 6 in); 25,000 km are metre gauge; and 4,500 km are narrow gauge (2 ft 6 in and 2 ft). So far, 4,720 km of the routes have been electrified.

The railways operate nearly 11,000 locomotives (8,000 steam, 2,000 diesel and 900 electric), plus a fleet of 27,000 passenger cars, 2,400 electric multiple units, 70 rail cars and 8,000 other coaching vehicles for passenger business.

The railways hold nearly 400,000 freight cars. A large part of the railway's freight consists of bulk commodities such as iron and steel, ores, foodgrains, cement, fertilisers and petroleum products. Moreover, the shift from general goods to bulk traffic, as disclosed by the traffic trend in recent years, is not likely to be reversed.

The growth of traffic on Indian Railways in the last 20 years has been steady with the freight tonne/kilometres carried increasing nearly threefold and passenger/kms. doubling during the same period. The railways purchase equipment and materials costing about Rs 7,300m every year.

The beginning of India's railway system dates back to the late 1840s. Lord Dalhousie, the energetic Governor General of India (he was the youngest man ever appointed to the post), recommended a rail system of trunk lines connecting the hinterland of the Bombay, Bengal and Madras Presidencies.

It was a time of railway mania for investors, and the government entrusted the construction to private companies which were guaranteed a return of 5 per cent on their capital investment for a period of 25 years and free land needed for construction. First came the Great Indian Peninsula Railway from Bombay, in 1854, and the East Indian Railway from Calcutta. Other lines soon followed, although construction costs were enormous.

By 1869, the guaranteed profit system had fallen into disfavour and for some years most lines were government-built, while the policy of buying-up existing companies continued until 1947.

Inspection

However, as early as 1925 the British rulers were taking important steps to Indianise the railways administrative set-up.

By the time of Independence in 1947, Britain "fortunately hadn't left a vacuum behind, as far as the railways were concerned," comments Mr. M. K. Kapur, who is the Railway Adviser to the Indian High Commission in London. His department, assisted by offices in Paris and Bonn, carries out inspection of materials purchased in Europe for Indian Railways.

Construction of wagons for Indian Railways is undertaken at 16 privately owned and public sector concerns, producing 5,000 wagons a year. The Diesel Locomotive Works at Varanasi produces 120 locomotives a year, while the Chittaranjan Works manufactures about 60 electric locomotives and 30 diesel-hydraulic shunters annually.

The increasing workload of Indian Railways is bringing with it the need for modernisation of signalling and telecommuncation equipment, plus greater mechanisation of major marshalling yards.

Nevertheless, India's expertise in rail systems is also winning contracts and export orders from developing countries. Nigerian Railways, for example, are to be managed and run by India's public sector Rail India Technical and Economic Services (RITES) which has won a Rs 200m contract. RITES has interests in other projects for Zaire, Ghana and Iraq. India is also exporting railway equipment worth Rs 350m to Vietnam.

For the visitor to India, the railways offer unforgettable opportunities to explore the complexities and often fascinating contradictions of the sub-continent. The railways have three classes of passenger travel—air-conditioned, first and second.

Air-conditioned coaches, among the most comfortable of their kind in the world, are becoming increasingly popular. A 45-day all-India tour by rail will take you to most of the places you would visit on a 30-day air trip, but costs a good deal less.

For overseas visitors, an "Indrail" pass is available, if paid in foreign currency, enabling the tourist to travel wherever or whenever he likes, for periods of seven to 90 days.

Michael Wiltshire

WORLD RAILWAYS V

Correspondents describe three new rapid transit systems which are changing city life

Success in Washington

WHEN President Carter signed a Bill early this month authorising $1.7bn in federal funds to complete Washington DC's 101-mile underground system, he was not necessarily signalling a turnround in his previous objection to large-scale rail projects.

It would have been "tragic," he said, to interrupt construction because of lack of funds with *the system now one-third* completed and with another third being built.

While on one hand he has pushed mass transport as an energy saving measure, the cost-conscious President has in the past eyed with distaste "grossly over-designed" systems and has even spoken of subway tunnels as an "anathema." There was no denying by the President or any other official that the capital's modernistic, smooth-running system has been a success so far.

The average of 255,000 passengers that the Washington area Metro is now carrying each week has exceeded all expectations of the planners. In 1979 the system completed an estimated 154m trips, a 15 per cent increase over the previous year. The planners had expected a 9 per cent increase in each year until 1985.

Since the first 4.2 miles of track opened in 1976—and 51,000 passengers took free rides—the area's residents have responded enthusiastically to the opening of each additional section. In an area where commuting by car has been the norm for decades, the trend is now towards bus and rail travel to work.

The new Metro system has also developed into a tourist attraction. Visitors to the city stop to ride the 204-ft long escalator running through a huge granite bowl at the Dupont Circle station, admire the spacious vault-like stations and, for pure entertainment, ride the smooth, quiet, well-designed cars which now run from northern Virginia through the capital and into southern Maryland.

The Metro has had a significant impact on private investment in once-shoddy downtown Washington. With the opening of each section business has picked up rapidly in department stores, shops and restaurants near stations. The federal city council, an organisation of top business and civic leaders, reported last year that more than $970m-worth of private development has been completed or placed under construction near existing or proposed stations, and nearly $5bn more is contemplated. The council predicted that Metro-related development would bring the district of Columbia $50m in new local revenue by 1985.

Washington's Metro struggled into birth. Local politicians started talking about the need for an underground system 50 years before work began. The eight local jurisdictions through which it runs have bickered for the past 15 years about funding and routes.

The transport authority, which oversees both buses and trains, has taken criticism for cost escalation. Inflation, planning delays by participating governments, strikes and storm damage ran costs from the original estimate of $2.5bn to $7bn.

Crime-free

But the underground has emerged from the political chaos, almost miraculously, as an efficient, well-built, remarkably crime-free system.

Officials attribute the system's security and safety to its sophisticated communications network, which includes TV surveillance, telephone hotlines, two-way radio communication between trains and control centres, a private telephone network, public address systems in trains and stations, trackside emergency telephones and intrusion and fire alarms.

Only about half of the underground's operating costs are recovered through the fare box. The rest must be subsidised by the localities. With 33 miles of Metro in operation and 27 under construction, the President's approval of new federal money has provided funding for the construction of the remaining 41 miles.

However, the legislation orders Maryland, Virginia and the District of Columbia to find "stable and reliable" sources of funding to guarantee local capital and operating expenses.

What will follow is more local squabbling as the states and counties search out the least painful means of raising revenue to meet the "stable and reliable" guarantee. But the Metro's popularity so far almost certainly ensures that, in the end, the means will be found.

Nancy Dunn

MAJOR RAILWAY INVESTMENT IN 1980

(Figures in £ Sterling '000)*

Country	Locomotives	Passenger coaches	Freight wagons	New track	Track improvements	Signalling	Electrification	Total expenditure
Argentina	22,017		9,887	865	67,204	11,847	17,278	208,427
Angola	7,352	7,410	20,955		3,700			45,021
Australia	8,712	33,434	7,656	24,443	31,113	7,838	8,081	217,238
Austria	21,455	68,582	3,022		46,157	7,943	9,853	221,615
Bangladesh	5,051	11,660	44,151	304	7,514	913		72,225
Belgium		14,242	6,468		93,452	38,726	52,048	389,500
Brazil	10,185		11,759	28,148	14,120	1,065	9,259	149,861
Britain	8,500	56,300	22,600		77,100	53,100	11,300	316,000
Cameroun					6,736			11,227
Canada				58	5,577	31		8,127
Colombia								5,594
Ecuador	1,367	854	352					3,344
Eire			1,049		343	3,922	3,618	18,163
El Salvador				615	366			1,705
Finland	860	6,340	4,989	1,093	10,565	4,914	10,713	71,148
France	46,136	160,682	25,568	101,800	215,900	60,909	52,159	740,455
German Fedl. Republic	49,428	48,501	48,543	22,488	261,904	97,222	23,016	1,219,294
Honduras		116		12				472
Hong Kong				3,704	740	2,778	26,389	49,120
India	†	†	†	24,000	91,428	11,428	16,000	370,571
Indonesia	509	7,563	3,371		25,524	3,150		49,487
Israel				5,556				5,556
Italy				167,482	96,765	47,820	14,290	475,949
Ivory Coast	7,385	20,491		7,284	5,762	1,275		53,282
Japan		15,724			13,338	715	2,912	43,331
Luxembourg	7,299		3,925	9,976	4,929	276	665	28,457
Malagasy	1,572	2,302	1,639		2,021			8,367
Malawi				1,798	791			4,000
Malaysia	833	1,094	2,698	3,125	5,227	769		18,212
Mexico	26,169	5,757	89,315	885	18,491	2,783		190,065
Netherlands	11,348	40,898	2,128	56,974	5,437	22,458	946	177,541
New Zealand	10,426	1,455	6,561	2,880	599			31,173
Nicaragua		699			466			1,455
Nigeria			4,319	494,633	13,332	96	1,536	534,081
South Africa	62,002	26,857	60,570	48,150	104,184	12,594	14,455	786,313
Spain	9,752	43,930	36,942	36,161	43,048	43,049	43,048	354,904
Sudan	3,600		7,920	259	1,370			23,130
Sweden	14,405	14,493	15,969		12,665	5,804	5,011	100,220
Switzerland	31,283	13,580	9,728	18,147	5,360	2,064	801	227,519
Thailand	548	946	737	3,697	519	258		8,456
Tunisia	3,529	15,765	11,882	8,706	8,235	4,294		62,782
Turkey	21,161	15,988	40,440	15,894	28,680	6,028	10,505	264,150
Uruguay		1,030		2,402	7,625	223		13,661
Venezuela	466	976		34,978	5,640	542		45,694
Total	393,349	637,669	505,143	1,126,516	1,343,927	456,834	333,883	7,626,892

* Figures, calculated in £ Sterling, are approximate only based on exchange rates prevailing November, 1979. Totals include expenditure not necessarily listed under main headings. Table excludes U.S., where investment is expected to top £2,511m in 1980.

† Total Indian spending on motive power and rolling stock is expected to reach £164.571m.

Source: International Railway Journal.

Integration in Glasgow

SOMETIME IN the near future Glasgow will join the select group of British cities to have a fully-integrated public transport system. Liverpool and Manchester beat Glasgow to the finishing post, but despite the problems surrounding the introduction of the Scottish network it will emerge comfortably ahead of that which will serve Tyneside from its Newcastle centre.

Glasgow should have been in operation last November when the Queen inaugurated the underground-rail link. Unfortunately, work on the underground was delayed and commissioning of the signalling system has taken longer than expected.

The thinking behind the Trans-Clyde railways was dominated by a need to link both sides of the Clyde—the river bisects the city horizontally—and to integrate bus and train services, bring in new rolling stock and rebuild the underground, on which hardly any money had been spent since the last century.

Moved out

A further factor which dictated planning was the changed character of greater Glasgow over the past 20 to 25 years. About a third of Glasgow's one-time population of just over a million people have moved out of the central area in this period, but the number coming in to the centre each day is as large as it ever was.

In other words, while Clydeside, the Gorbals, Govan and Shettleston have all lost population, places such as East Kilbride, Milngavie and Cumbernauld have gained appreciably. The centre is just as busy but people are living further out.

The area's roads were improved a decade or more ago but its railways were old, had been starved of money and in many cases stations or lines had been shut. In addition, until recently its buses had been equally old and out of date.

In place of all these time-worn services new buses, new underground trains, a linked service and a fare system that integrates the various parts of the whole area have been introduced.

The new underground has cost £43m, involving a virtual rebuilding of the Victorian system. Stations have been updated, some new ones introduced, signalling improved and new carriages introduced. At two places interchange stations with the British Rail network were built.

British Rail, acting for Greater Glasgow Passenger Transport Executive, extended one of its lines to provide a through north-to-south service. Together with the various improvements carried out to stations and the new carriages the total railway cost came to £35m. With some other smaller items the whole Trans-Clyde system cost £80m.

But the railway-underground side would not have been feasible without linking the buses. Glasgow still has some way to go before it can be said to have completed this side of the operation, though railheads have been established in some places, such as Hamilton, and a zonal fare system has been evolved which will allow passengers to buy tickets valid for either their own specific zone or for cross-city travel.

New buses have also been brought in to update what was almost an antiquated system.

Car-parking space has also been enlarged at a number of stations so that commuters can be encouraged to complete their journeys by public transport, a fairly standard procedure now in British cities.

Any integrated public transport system would have little impact, though, if it ignored those commuters who nevertheless try to drive into the city centre. Glasgow has acted by limiting the number of parking spaces to 14,000.

This might appear to be a fairly draconian limit for a city of 750,000 people but it still leaves ample space for the short-term parker because the city has the lowest number of cars per head of population of any of Britain's major cities and two-thirds of its commuters in any case use public transport.

With a new underground line available, a new railway link, a good urban road system and a modern fleet of buses Glasgow is in a rather enviable position.

Anthony Moreton

Revenue set to exceed forecast in Hong Kong

HONG KONG'S newly-opened Mass Transit Railway (MTR) is provoking wonder. It seems on the point of proving that railways can still be good business. Even more remarkable, it is likely to show that underground railways can be justified on financial grounds alone and do not have to look for social benefits to justify real or implicit subsidies.

Actually, Hong Kong has yet to show that it can run a railway efficiently. The first section only started operation on October 1 last, and the whole of the 15.6 km first stage, known as the Modified Initial System (MIS), will be opened next month by Princess Alexandra.

The management achievement so far is to have built the MIS ahead of schedule and below the originally (1975) estimated contract cost of HK$4.8bn (the actual cost of the MIS is about HK$6.6bn, including cost of land acquisition, MTR Corporation overheads and HK$1bn in pre-operational capitalised interest).

Within budget does not necessarily mean cheap. The MTR is by far the world's most expensive railway, with construction costs alone around US$120m a mile. One major reason is the very difficult and varied soil conditions which include reclaimed land and decomposed granite requiring much tunnelling to be done in pressurised chambers. Another is that a tunnel had to be laid on the sea-bed across Hong Kong harbour. Thirdly, construction has had to be done without totally disrupting life in the heart of this densely populated city. Fourthly, the volume of passengers expected has involved the construction of huge station concourses. It is only the expected throughput and Hong Kong's very high population density which should make it a viable economic proposition.

In the first three months of partial operation it carried 40 per cent more passengers than estimated. By the mid-1980s, when the 10.5 km Tsuen Wan extension is operating, the MTR is expected to carry 1.8m passengers a day.

High usage

As most of the area through which it passes is a mix of residential, commercial and industrial properties, the MTR can expect a high usage rate throughout the day and early evening. It is not a commuter service liable to suffer serious underutilisation of equipment for much of this time.

Fares—at HK$1 to HK$3—are not particularly cheap by local public transport standards. But there seems little doubt about the public's preparedness to pay for speed and convenience. Under original projections, the MIS will pay for itself in 12 years. Though higher interest rates on floating rate loans and the decline in the HK dollar may push eventual costs above estimates, there seems little doubt that revenues will be even further ahead of budget.

The incremental return on the Tsuen Wan extension is greater, with an expected 10-year pay-back period. This results from the additional traffic it will bring to the whole system: and the higher proportion of less costly overhead and cut-and-cover construction—the MIS mostly bored tunnel.

In some ways Hong Kong has been lucky with the timing of the construction. The project hit a major setback early in 1975 when inflation fears caused a Mitsubishi consortium to withdraw from a letter of intent to build the railway for a fixed price. The project was broken up into numerous separate contracts and MTR had to accept escalation clauses. However, competition for the work kept tender prices down and Exim-backed loans generous. The first three years of construction saw a very low rate of inflation in Hong Kong.

Largest share

It was partly because of low inflation that the MTR was able to let most of the contracts for the extension at fixed prices. Since then the rate of inflation in Hong Kong has risen to double figures.

Japanese companies such as Aoki Kumagai Gumi and Nishimatsu won the largest share of the MIS civil engineering contracts, though consortia led by Dragages of France and Kier of the UK won a major contract. The Europeans did not wholly *distinguish* themselves in practice, however. Relations with the MTR were not always smooth. The Japanese won almost all the civil contracts for the Tsuen Wan extension, though Dragages secured one of them.

But British and other non-Japanese groups did well with mechanical and electrical contracts. Metro-Cammell won the contracts for all the rail cars. Other winners included GEC, Hitachi and Siemens for electrical equipment; the UK subsidiary of Westinghouse Brake for signalling equipment; Henry Boot of the UK for track laying; Otis of the US for station escalators. British consultants such as consulting engineers Freeman Fox, and merchant bankers Kleinwort Benson on the financial side, also played significant roles.

British success in winning electrical and mechanical contracts has been partly attributed to favourable financing terms. The MTR, headed by its tough managing director Norman Thompson, talked Britain's Export Credit Guarantee Department into a scheme providing a fixed price contract in Hong Kong dollars and a loan structured to avoid the MTR being exposed to fluctuations in the UK dollar-sterling rate.

Mr. Thompson then used this precedent to persuade the Japanese and Germans to provide export credits in either Hong Kong or U.S. dollars rather than in Deutsche Marks or Japanese yen. (Earlier yen credits were repaid by the MTR at a big loss.)

Overall, export credits will cover about HK$3.8bn out of total contract costs, excluding capitalised interest for the MIS and the Tsuen Wan extension of about HK$8.4bn.

Philip Bowring

LOMBARD

A ministerial pain in the neck

BY DAVID WALKER

"GOING TO THE disco tonight?" "No, that's too boring. Think I'll pop down the doctor's and have some fun there instead."

That, if Mr. Patrick Jenkin, Social Services Secretary, is to be believed, must be a typical conversation between young people nowadays.

For listen to Mr. Jenkin speaking in last Thursday's Commons debate on the Health Service.

"We must cease encouraging the public to believe that they can have whatever they want whenever they need it." People were demanding "a pill for every ill." And young people were especially to blame for the growing number of totally unnecessary visits to surgeries and clinics. "Many . . . . , who have grown up knowing only the NHS have fewer inhibitions and are very much more demanding."

What I want to know is how these hypochondriac hordes of youngsters (not that you have to be that young to have grown up knowing only the NHS) ever get to see their doctors in the first place. For, at least at my own doctor's group practice, arranging an appointment—just turning up at the surgery and awaiting one's turn is strictly prohibited — requires almost military tactics.

First, there is the matter of timing. Telephone too early, and the receptionist has not got her coat off. Too late, say after 9.10 am, and all the appointment slots have mysteriously gone.

Then, as the assault on the surgery citadel is mounted, there is the question of what to say. The defender—sorry, receptionist—can spot a malingerer over what may be several miles of telephone wire. One at least is a dab hand at prescribing for a variety of ills sight unseen: "Try an aspirin and a lie down: if you're not feeling better next week I'll try to fit you in." Only the genuinely halt and lame stand much of a chance.

As for the home visits that Mr. John Biffen, Chief Secretary at the Treasury, was saying the other day patients might have to be charged for, the Health Service will not find itself much enriched here. If you are capable of movement—any movement—the feeling seems to be, you are capable of negotiating the receptionist's assault course and fighting your way into the surgery.

We had a home visit once, many years ago, of course. A few weeks' old baby seemed to be bleeding internally, leaving great pools of blood on his bedding. Panic set in late at night: the doctor duly came, confessed bewilderment but acknowledged we were right to be worried, and began a discussion about the books on my living room shelves before recommending a hospital visit the next day.

Then in a nearby village was the doctor whose surgery doors were kept closed till he was ready to see the first patient of the day. Regardless of the weather, the sick waited outside, without protection from the elements, and with the nearest alternative doctor several miles away.

Dedicated

It might be argued that experiences of this sort are not typical; that by and large the Health Service is staffed with dedicated, hard-working — and often grossly overworked— people giving the utmost consideration to their patients with far more cheerfulness than one has any right to expect.

Indeed, over the past month or so I have come across quite a few while undergoing treatment for a broken ankle (thank you, those on duty on Boxing Day at St. Helier Hospital, Carshalton, and those I have seen since at the Lister Hospital, Stevenage).

But that is just the point. The same applies to patients. Few go to doctors for fun: they think they are ill, and all too often they are right. Indeed, the only family of hypochondriacs I know has long ceased trying to penetrate the sanctum of the surgery: they haunt the local chemists and health food shops instead, providing the manufacturers of patent medicines and wonder-working "natural" cures with a great deal of business.

We know the Health Service is under severe strain. We do not expect miracles. We are often somewhat in awe of— even frightened of—the doctor. We get no pleasure out of visiting him or her. And hectoring us in the patronising tones adopted by Mr. Jenkin is not going to cure anything.

Trees of interest for long borders

GARDENS TODAY

BY ROBIN LANE FOX

TWO QUERIES are on my desk which match a problem of my own. One English and one German gardener want some suggestions for a good small tree which would give height to a long border without looking too formal or rooting too widely. It has to fit into a rural setting in sites where there had once been elms. If it were too exotic, it would look out of place. But neither of them want it to be dull. They are having trouble in raising any keenness for most of the suggestions in the list. They would like something delicate, unusual but foolproof.

I share their problem. I am changing the position of an old rose border and two vegetable beds and want to enliven the roses with something taller which will not disturb them or coincide with their flowers. I began last winter with the fine Gleditsia, Sunburst, a tree which may attract you by its other name, the honey locust. The frost put paid to it, so I cannot risk it again. But the site and winter were exceptional and I rate it so highly among golden-leaved trees that I will lure you on by its peculiar history. When mature, it's tall, well over 50 ft. But you can clip it and cope with it. In milder European gardens especially, it would be superb anywhere. The Sunburst form is a splendid shade of yellow, patented in America 25 years ago. If it is too bright for you, the plain green is just as good. The leaves are delicately cut, like a refined acacia's. There are no problems in a sunny well-drained loam, so long as you do not expose the branches to strong wind. They are brittle, as they grow fast.

One of the less familiar forms is a tree with an odd history. All these locust trees have thorns on their trunks, but none is thornier than the caspica variety which you can admire at Kew.

Its home is near the Caspian Sea in Iran where its seed pods are the start of one of history's oddest industries. If squeezed, the pulp round the seed becomes sweet and sugary, like honey. We forget, perhaps, how slowly the pleasures of sugar arrived in history. Before the cane was ever transplanted to the East, this old gleditsia filled the bill. Its branches were said to drip honey when first seen by the visiting staff of Alexander the Great. Nobody believed them until the site was visited and the Caspian honey locust was found to support a local confectionery trade whose sweet syrups were sent to the courts of Persian nobles. For centuries Persian kings had enjoyed it at dinner. When the Ayatollah ban sugar, along with all other corruptions, this Caspian Gleditsia may come into its own.

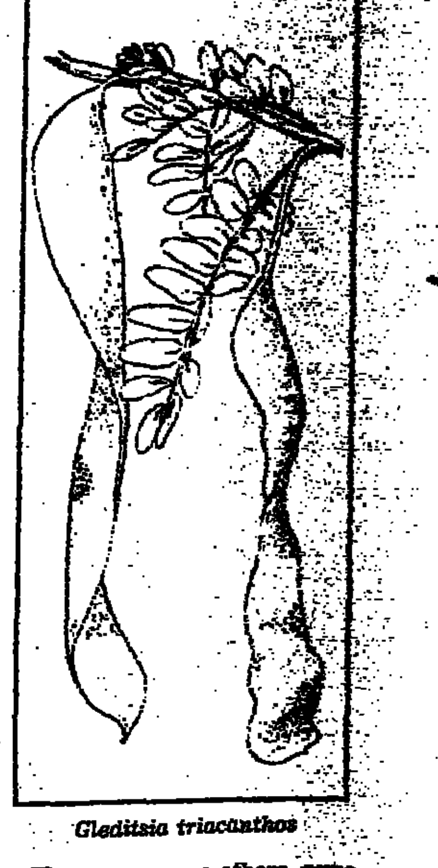
In Europe this variety and its relations are better known for their dried pods in late autumn. In southern France you sometimes see a well-flowered avenue, hung with dry pods in September through which the wind is beginning to blow. They rattle like a dying man's cough, an arid intimation of winter. In England these seed heads are not so common. The tree is prized for its dissected leaf and rounded habit. The American triacanthos form, either yellow or green, is our favourite one. Its roots do not run widely and it is delicate and unusual in a sheltered place.

In winter, I find it hard to think far on this subject without coming up against the winter cherry, sold as Prunus subhirtella autumnalis. There are dark town gardens in plenty whose owners have never even heard of this fine tree. I return to it again because I have never seen it better than this year. By mid-November its pinkish white buds are beginning to open on the bare branches. Much depends on the absence of early frost, which will turn the young flowers a stained brown. If they escape as this year, they last well into January and are sometimes overtaken by a second flush. On a tree without leaves the small white flowers are like a shower of snow. You can enjoy them from November until February, no mean season for a tree whose twigs are particularly suited to cutting and arranging indoors. Eventually, the tree can grow big and wide, some 20 ft high and as much again through. But for many years, it can be contained as the upper layer of a border or hedge where it gives exceptional value. Buy it as a full standard tree. It stands out superbly against a dark background, a new hedge if you are lucky, the neighbour's back yard, if you are not.

Honey locust and winter cherry sound an exotic pair, so it may be as well to turn to my own happy hunting ground over the past few years, that part of the Sorbus family which centres on the mountain ash. This familiar tree is still a lovely one, but you have to place it rather carefully. To my eye, it is best against a background of other native trees against which it can stand free without looking too suburban. It is good on the edges of a wild planting, against big clumps of Rubus blossom. In a front garden, it is too trite and not quite in place.

The varieties, though, have multiplied way beyond the days when you could complain that Sorbus was ordinary and that its fruits were stripped by birds. The pinkish white fruits on the hupehensis variety are almost bird-proofed while the grey green leaves live up to the tree's distant home in China. Its shape is rather upright, but the leaves turn a clear red in autumn and are not as hackneyed as those of the plain old mountain ash.

Notcutts of Woodbridge, Suffolk, have come up with some fine small varieties in this family for planting which prevented me with just this same sort of problem. I can vouch for the orange-red berries on their essertauiana form, a most unusual tree whose late crop is ignored by birds and whose bold little leaves pass from copper-brown through green to bronze before they fall. You seldom see this one, but you could pair it with their selected pink form of the hupehensis variety and be sure of two attractive trees at either end of a long border, neither of which would seem too artificial.



Gleditsia triacanthos

There are many others, some easier than others, none brighter than the 10-ft high scopulina variety which is a fine sight when in full scarlet berry among a mixed border. If you can risk the birds, this is a spectacular contrast for the year's last michaelmas daisies. With the locust tree you have a story; with the winter cherry, a long and elegant season. The Sorbus gives you berries, leaves and autumn colour all in one.

Gifford bids for double

RACING

BY DOMINIC WIGAN

NEWCASTLE has fallen victim to the weather today (through waterlogging), bringing the total of meetings lost to the elements this season to nearly 40. However, no problems are envisaged for Windsor.

Josh Gifford, whose Findon stable is in rampant form, looks to have a bright chance on the Berkshire course of landing the opening and closing events, the two divisions of the Brocas Novices Hurdle.

In the first division the former champion jockey saddles Amberfield and Willow Brook, while his pair for the second division is made up of Socks and Eton Boy.

Willow Brook and Socks look quite capable of taking Gifford a stage nearer his first century of winners in a single season. Willow Brook, who was well backed for a 2½-mile novices event at Huntingdon on Boxing Day (where any chance he had went when his rider lost his irons early in proceedings), showed there was a race in store for him at Towcester last time out.

Running on well in the closing stages of a division of that course's 2 mile 5 furlong Long water Novices Hurdle, Willow Brook found only Gleaning and Zumandra too good.

Socks, who has figured prominently on both his outings this term, only to fade out of contention in the closing stages, is clearly not yet back to his best.

Nevertheless, his class and the benefit gained from those much-needed races may see him gaining a well-deserved success over some undistinguished rivals. I take him to win from the twice-raced General Carl.

Two other likely looking winners on a tricky card are Potentate and Plastic Cup, who go respectively for the Boveney Handicap Chase and the Copper Horse Handicap Hurdle.

Barring no similar mistake this afternoon, Potentate, twice a course winner, will probably be too good for his younger opponents off bottom weight of 10 st.

Plastic Cup, another racing off bottom weight, ran well at Leicester last time out and may prove good enough to beat Night Porter, from whom he receives 21 lbs.

WINDSOR

1.45—Willow Brook***
2.15—Cutler
2.45—Potentate**
3.15—Chevulgan
3.45—Plastic Cup*
4.15—Socks

TV/Radio

BBC 1

† Indicates programme in black and white

9.05 am For Schools, Colleges. 11.25 You and Me. 11.40 For Schools, Colleges. 12.45 pm News. 1.00 Pebble Mill at One. 1.45 Playboard. 2.01 For Schools, Colleges. 3.25 Children's Wardrobe. 3.53 Regional News for England (except London). 3.55 Play School. 4.20 Pixie and Dixie. 4.25 Jackanory. 4.40 Take Hart. 5.00 John Craven's Newsround. 5.05 Our John Willie. 5.35 The Perishers.

5.40 News.
5.55 Nationwide (London and South East only).
6.20 Nationwide.
6.50 The Wednesday Film: "If It's Tuesday This Must Be Belgium," starring Suzanne Pleshette.
8.25 The Two Ronnies.
9.00 News.
9.25 War School.
9.55 Sportsnight.
10.45 Parkinson with guests.
11.45 Weather/Regional News.

All Regions as BBC 1 except as follows:—

Wales—11.02-11.22 am I Ysgolion. 5.05-5.10 pm Crystal Tipps. 5.10-5.40 Bilidowcar. 5.55-6.20 Wales Today. 6.50 Heddiw. 7.10 Young Scientists of the Year 1980. 7.40-8.25 The Rockford Files. 11.45 News and Weather for Wales.

Scotland—12.40-12.45 pm The Scottish News. 5.55-6.20 Reporting Scotland. 11.45 News and Weather for Scotland.

Northern Ireland—3.53-3.55 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 11.45 News and Weather for Northern Ireland.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth).

BBC 2

10.20 am Gharbar.
11.00 Play School (as BBC 1 3.55 pm).
†5.35 Laurel and Hardy in "Live Ghost."
5.55 Pride and Prejudice.
6.50 The Master Game.
7.20 Mid-Evening News.
7.30 Cricket: Australia v. West Indies (highlights).
8.00 Mr. Smith's Indoor Garden.
8.25 Mentioned in Dispatches.
9.00 Midweek Musical: "Damn Yankees," starring Tab Hunter.
10.45 Newsnight.
11.30 Open Door.
12.00 Closedown.

LONDON

9.30 am Schools Programmes. 12.00 The Adventures of Rupert Bear. 12.10 pm Rainbow. 12.30 The Sullivans. 1.00 News plus FT Index. 1.20 Thames News. 1.30 The Squirrels. 2.00 After Noon Plus. 2.45 The Outsiders. 3.45 Hobson's Choice. 4.15 The Sooty Show. 4.45 The Book Tower. 5.15 Mr. and Mrs.

5.45 News.
6.00 Thames News.
6.25 Help!...
6.35 Crossroads.
7.00 This Is Your Life.
7.30 Coronation Street.
8.00 London Night Out.
9.00 Hazell.
10.00 News.
10.30 Mid-week Sports Special.
12.00 Spooner's Patch.
12.25 am Close: Personal choice with Diana and Yehudi Menuhin.

All IBA Regions as London except at the following times:—

ANGLIA

1.25 pm Anglia News. 1.30 Winners and Losers. 2.45 Houseparty. 3.15 Money-Go-Round. 6.00 About Anglia. 12.00 Rowan Atkinson Presents. 12.30 am The Big Question.
c)c 3)33)

ATV

12.30 pm Heritage In Danger. 1.20 ATV Newsdesk. 1.30 Stars On Ice. 2.45 Family. 6.00 ATV Today. 12.00 ATV Newsdesk. 12.05 am 1980 Butlin's Grand Masters Darts Championships.

BORDER

1.20 pm Border News. 1.30 Wildlife Cinema. 2.45 Houseparty. 3.15 Money-Go-Round. 6.00 Lookaround Wednesday. 12.00 Border News Summary.

CHANNEL

1.20 pm Channel Lunchtime News, What's On Where and Weather. 2.45 The Electric Theatre Show. 3.15 Money-Go-Round. 6.00 Report At Six. 10.28 Channel Late News. 12.00 George Hamilton IV. 12.25 am Epilogue followed by News and Weather in French.

GRAMPIAN

9.25 am First Thing. 1.20 pm North News Headlines. 1.30 The Rolf Harris Show. 2.45 Houseparty. 3.15 Money-Go-Round. 6.00 North Tonight and Area Weather Forecast. 12.00 Tropic. 12.30 am Reflections. 12.35 Living and Growing—a Preview for Parents and Teachers. 1.00 North Late Night Headlines.

GRANADA

1.20 pm Granada Reports. 1.30 Stars On Ice. 2.00 Live From Two. 2.45 Money-Go-Round. 3.15 The Wild, Wild World of Animals. 5.10 This Is Your Right. 5.15 Crossroads. 6.00 Granada Reports. 6.30 Happy Days. 12.00 Tropic.

HTV

1.20 pm Report West Headlines. 1.30 Stars On Ice. 2.45 The Love Boat. 5.15 Cartoontime. 5.20 Crossroads. 6.00 Report West. 6.30 Three Little Words.

HTV Cymru/Wales—As HTV West/HTV General Service except: 1.20 pm Panawdau Newyddion Y Dydd. 1.25-1.30 Report Wales Headlines. 4.45-5.15 Ni A Nhw. 6.00 Yy Dydd. 6.15-6.30 Report Wales.

SCOTTISH

1.20 pm News and Road and Weather. 1.30 One in a Hundred. 2.45 The New Avengers. 5.15 Border Tales. 5.20 Crossroads. 6.00 Scotland Today. 6.30 Emmerdale Farm. 12.00 Late Call. 12.05 am The Butlin's Grand Masters Darts Championships.

SOUTHERN

1.20 pm Southern News. 1.30 Stars On Ice. 2.45 Houseparty. 3.15 Money-Go-Round. 5.15 Dick Tracy Cartoon. 5.20 Crossroads. 6.00 Day By Day. 6.35 Scene Midweek (South-East area only). 12.00 Southern News Extra. 12.05 am George Hamilton IV.

TYNE TEES

9.20 am The Good Word followed by North-East News Headlines. 1.20 pm North-East News and Where the Jobs Are. 2.45 Let the Music Take You. 3.15 Money-Go-Round. 6.00 North-East News Headlines. 6.02 Crossroads. 6.25 Northern Life. 12.00 North-East News Headlines. 12.02 am Barney Miller. 12.30 Epilogue.

ULSTER

1.20 pm Lunchtime. 1.30 Stars On Ice. 2.45 Money-Go-Round. 3.15 How's Your Father? 4.13 Ulster News Headlines. 5.15 Cartoon Time. 5.20 Crossroads. 6.00 Good Evening Ulster. 10.29 Ulster Weather. 12.00 Soap. 12.25 am Bedtime.

WESTWARD

12.27 pm Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 2.45 The Electric Theatre Show. 3.15 Money-Go-Round. 6.00 Westward Diary. 10.28 Westward Late News. 12.00 George Hamilton IV. 12.25 am Faith For Life. 12.30 West Country Weather and Shipping Forecast.

YORKSHIRE

1.20 pm Calendar News. 1.30 Stars On Ice. 2.45 Three Little Words. 3.15 Money-Go-Round. 6.00 Calendar (Emley Moor and Belmond editions). 12.00 Barney Miller.

Radio Wavelengths

1 1053kHz/285m 1089kHz/275m
2 693kHz/433m 909kHz/330m & 88-91vhf stereo
3 200kHz/1500m & 92.95vhf
4 1215kHz/247m & 90-92.5vhf stereo

BBC Radio London: 1458kHz, 206m & 94.9vhf
Capital Radio: 1548kHz, 194m & 95.8vhf
London Broadcasting: 1151kHz, 261m & 97.3vhf

RADIO 1

‡Medium Wave
(S) Stereophonic broadcast.

5.00 am As Radio 2. 6.00 Dave Lee Travis. 9.00 Simon Bates. 11.31 Paul Burnett. 2.00 pm Andy Peebles. 4.31 Kid Jensen. 7.00 Radio 1 Mailbag. 8.00 Mike Read. 9.50 Newsbeat. 10.00 John Peel (S). 12.00-5.00 am As Radio 2.

RADIO 2

5.00 am News Summary. 5.03 Cricket: Australia v. West Indies. 5.04 Steve Jones (S) including 6.03, 7.03 Cricket and 6.15 Pause for Thought. 7.32 Terry Wogan (S) including 8.03 Cricket, 8.27 Racing Bulletin and 8.45 Pause for Thought. 10.03 Jimmy Young (S). 12.03 pm David Hamilton (S). 2.03 Ed Stewart's Request Show (S). 4.03 Much More Music (S). 5.00 News. 5.05 Waggoners' Walk. 5.20 Much More Music (continued) (S). 6.03 John Dunn (S). ‡8.02-9.30 Soccer Special. 8.02 Listen To The Band. (S). 8.45 Alan Dell with The Dance Band Days. 9.15 The Magic of the Musicals (S). 9.55 Sports Desk. 10.02 Stop The World . . . 10.30 George Chisholm says Be My Guest. 11.02 Brian Matthews with Round Midnight, including 12.00 News. 2.02-5.00 am You And The Night And The Music (S).

RADIO 3

5.30-7.35 am Test Match Special (‡ only from 7.00) Australia v. West Indies. 6.55-7.00 Weather. 7.00 News (VHF only). 7.05 Your Midweek Choice (S) (VHF only until 7.35), part 1. 8.00 News. 8.05 Your Midweek Choice, part 2 (S). 9.00 News. 9.05 This Wek's Composer: Beethoven (S). 10.00 Music For Organ (S). 10.35 Violin and Piano Recital (S). 11.25 Midday Concert, part 1 (S). 12.05 pm Interval Reading. 12.10 Concert, part 2. 1.00 News. 1.05 Concert Hall (S). 2.05 Music Weekly (S). 2.55 All Across The U.S.A. 3.35 Fifty Years of British Music (S). 4.55 News. 5.00 Mainly For Pleasure (S). 7.00 Music Now. 7.45 "Dumbarton Oaks" by Stravinsky (S). 8.00 Rozhdestvensky and the BBC SO, part 1: Glazunov (S). 8.40 Six Continents. 9.00 Rozhdestvensky and the BBC SO, part 2: Rachmaninov (S). 10.25 A Pleasant Place (story by Freda Bromhead). 10.45 Victoria Postnikova piano recital (S). 11.55-12.00 News.

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping forecast. 6.30 Today, including 6.45 Prayer for the Day, 7.00, 8.00 Today's News, 7.30 8.30 News headlines, 7.45 Thought for the Day. 8.35 Yesterday in Parliament. 9.00 News. 9.05 Mid-Week with Russell Harty. 10.00 News. 10.05 Gardeners' Question Time. 10.30 Daily Service. 10.45 The Wooden Horse. 11.00 News. 11.05 Baker's Dozen. 12.00 News. 12.02 pm You and Yours. 12.27 Double Act. 12.55 Weather; programme news. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Listen With Mother. 3.15 Afternoon Theatre (S). 4.00 Choral Evensong (S). 4.45 Short Story. 5.00 PM News magazine. 5.50 Shipping forecast. 5.55 Weather; programme news. 6.00 News. 6.30 My Music (S). 7.00 News. 7.05 The Archers. 7.20 Checkpoint. 7.45 On the Town. 8.30 A Sideways Look At . . . 8.45 Analysis. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 Give or Take (S). 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 12.00 News.

BBC Radio London

5.00 am As Radio 2. 6.30 Rush Hour. 10.03 The Robbie Vincent Telephone Programme. 1.03 pm London Live. 3.03 Showcase. 4.30 London News Desk. 5.35 Look, Stop, Listen. 7.03 Black Londoners. 8.00 Question Time from the House of Commons. 9.00-5.00 am Join Radio 2.

London Broadcasting

5.00 am AM with Bob Holness and Des Fahy. 10.00 The Brian Hayes Show. 12.00 LBC Reports. 8.00 pm Jazz After Eight with Keith Howell. 9.00 Jenny Lacey—Nightline. 12.00 LBC Reports Midnight. 1.00 am Carol Allen —Night Extra. 5.00 Morning Music.

Capital Radio

6.00 am Graham Dene's Breakfast Show (S). 9.00 Michael Aspel (S). 12.00 Mike Allen (S). 3.00 pm Roger Scott (S). 7.00 London Today (S). 7.30 Adrian Love's Open Line (S). 9.00 Nicky Horne's Your Mother Wouldn't Like It (S). 11.00 Tony Myatt's Late Show (S). 2.00 am Duncan Johnson's Night Flight (S).

F.T. CROSSWORD PUZZLE No. 4,187

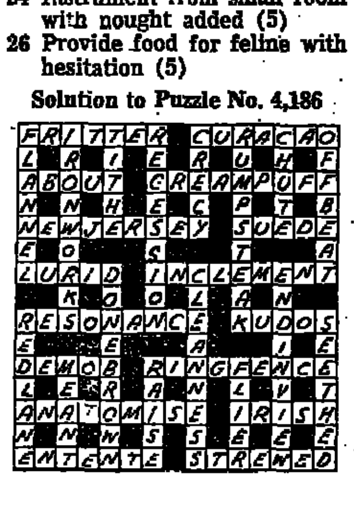
ACROSS

1 Makes twice as much, surpassing fiddler's action (6-8)
10 Flower that means much to us (5)
11 Support making customer get older (9)
12 Vessel used by troops where they eat (7)
13 Yes eels could become blind (7)
14 Odd start of drum roll (5)
16 Abuse about article or non-conductor (9)
19 Not a bull to show clothing (9)
20 Tool right for a scavenger (5)
22 Vivid symbolic diagram I coloured initially (7)
25 Isthmus leased to make jewellery (7)
27 Dark one in suit in place of entertainment (5-4)
28 Drink to south-eastern jester (5)
29 Ordinary tract of land or household plot (6-2-6)

DOWN

2 Definitely twice dismissed (3-3)
3 Pour fat over tack (5)
4 Dear former birds I've to follow (9)
5 Bird the French designate (5)
6 Proper with internal measurement of screw (9)
7 Angry, that is, about rodent (5)
8 One who bribes ship's engineer (7)
9 Calm clan leader in part of Scottish dress (6)
15 Somewhat slow and altogether confused with note missing (9)
17 Drove of horses to steal but this container would not be large enough to hold them (6-3)
18 Assume permission to say farewell (4, 5)
19 Mechanical duck racing about (7)
21 More willingly desert with her (6)
23 Wood from a local gum tree (5)
24 Instrument from small room with nought added (5)
26 Provide food for feline with hesitation (5)

Solution to Puzzle No. 4,186



ENTERTAINMENT GUIDE

OPERA & BALLET

COLISEUM. Credit cards 240 5258. Reservations 836 3161. ENGLISH NATIONAL OPERA. Tonight & Sat 7.00: The Force of Destiny. Tomor & Tues 7.30: The Merry Widow. Fri 7.30: Don Giovanni. 104 balcony seats avail from 10 am on day of perf.

COVENT GARDEN. CC. S. 240 1066. (Gardencharge credit cards 836 6903). THE ROYAL BALLET. Ton't, tomor & Sat: 7.30. Mayerling. THE ROYAL OPERA. Fri & Mon: 7.30. Werther. Tue 7.00. Otello (all seats sold). 65 Amphi. seats avail. for all perfs. from 10 am on day of perf.

SADLER'S WELLS THEATRE. Rosebery Ave., EC1. 837 1672. Credit cards 837 3856. 10-6 pm. Until Feb. 16. D'OYLY CARTE in GILBERT & SULLIVAN. Evgs 7.30. Mat Sat 2.30. Tonight: H.M.S. Pinafore. Tomor until Wed next: The Mikado.

SADLER'S WELLS THEATRE. Rosebery Ave., EC1. 837 1672. Credit cards 837 3856. 10-6 pm. Sunday 7.30. DIE FLEDERMAUS. A concert performance. Sheila Armstrong, Nigel Douglas, Philharmonic Orchestra.

THEATRES

ADELPHI. CC. S. 01-836 7611. MY FAIR LADY. Evgs. at 7.30. Sat. 4.00 and 7.45. Mats. Thursdays at 3.00. TONY BRITTON LIZ ROBERTSON, PETER BAYLISS and ANNA NEAGLE in THE WORLD'S GREATEST MUSICAL MY FAIR LADY. Book now Theatre & Agents New Credit Card Hotline 01-836 7358.

ALBERY. S. From 9 am. 836 3878. CC. 379 6565. Group sales 379 6061. Eves 7.45. Mat Thur & Sat 4.0 OLIVER! GEORGE LAYTON. HELEN SHAPIRO. CHILD FREE with each ADULT valid 16 years or under and at time of purchase.

ALDWYCH. S. CC. 836 6404. Info. 836 5332. ROYAL SHAKESPEARE COMPANY in repertoire. THE GREEKS. Ten Greek plays given as a trilogy. Low price prevs. this week. Ton't. Thurs. 7.30 pt. 3 THE GODS. Tomor. 7.30 Pt. 1 THE WAR (sold out). Sat. complete trilogy (sold out) RSC also at The Warehouse and at Wyndham's Theatre.

AMBASSADORS. CC. 01-736 1171. Evgs. 8.00. Fri. and Sat. 5.30 and 8.30. DINSDALE LANDEN, GWEN WATFORD, DAVID BURKE, ANGELA DOWN in BODIES by James Saunders. Last weeks —must end March 1st.

APOLLO THEATRE. CC. S. 01-437 2663. Group sales 379 6061. Eves 8, Mat Thur 3. Sat 5.30 & 8.30 TIMOTHY WEST as BEECHAM by Caryl Brahms & Ned Sherrin. directed by Patrick Garland.

ARTS THEATRE. 01-836 2132. TOM STOPPARD'S DIRTY LINEN. Monday to Thursday 8.30. Friday and Saturday 7.00 and 9.15. NOW IN ITS FOURTH YEAR. Lowest-priced best seats in London. £4.00, £3.35, £1.85 plus 15p temp. members. Sat. £4.85, £3.85, £1.85.

ASTORIA. CC. 01-438 8031. 01-734 4291. 01-734 4360. BEATLEMANIA. Mon.-Thurs. 8.00. Fri., Sat. 6.00 and 8.45. Reduced rate Group bookings 01-437 3856.

BOULEVARD TH. at the Raymond Revue Bar, Walkers Court, Brewer Street. CC. Tel. 01-437 2661. PAUL RAYMOND PRESENTS Queen of America's sex films MARILYN CHAMBERS. Exclusive British appearance. LIVE ON STAGE. Twice nightly Mon.-Sat. 8.00 and 10.00 pm.

CAMBRIDGE. 01-836 6056. Credit cards accepted 01-836 7040. Mon. to Fri. 8.00. Thurs. 3.00. Sat. 5.00 and 8.30. THE HIT BROADWAY MUSICAL GREAT MUSICAL ENTERTAINMENT. CHICAGO ELIZABETH SEAL, JENNY LOGAN, COLIN BENNETT, DON FELLOWS, HOPE JACKMAN, G. LYON. Reduced prices for parties 379 6061, 865 8055. Students, Nurses, OAP standby £1.50.

COMEDY THEATRE. CC. 930 2578. Mon.-Sat. 9.00. Mats. Fri. and Sat. 6.30. THE ROCKY HORROR SHOW. Group Sales Box Office 01-379 6061. Freephone 2381.

CRITERION. 930 3216. CC bookings 379 6565. Group sales 379 6061. Evs. 8.00. Sats. 6.30 and 8.30. Thur. mat. 3.00. HALF PRICE PERFS. Mon. eve. Thur. Mat. NEIL SIMON'S LAST OF THE RED HOT LOVERS. Lee Montague. Georgina Hale, Bridget Turner and Susan Engel.

DUCHESS. 01-836 8243. Mon. to Thurs. Eves. 8.00. Fri. and Sat. 5.30 and 8.15. OH! CALCUTTA! LAST WEEK.

DUKE OF YORK'S. 836 5122. GLENDA JACKSON, ROSE. Red. Price Prevs. from Feb. 20. Opens Feb. 28.

GARRICK. CC. 01-836 4601. Eves. 8.00 (sharp). Fri. and Sat. 5.30 and 8.30. Gareth Hunt in DEATHTRAP.

GLOBE THEATRE. S. CC. 01-437 1592. Group sales 379 6061. Evgs. 8.00. Mat. Wed. 3.00. Sat. 5.0 and 8.15. Beryl Reid Barry Foster, Peter Bowles, Jan Waters in a new play by Peter Nichols BORN IN THE GARDENS. Directed by Clifford Williams.

GREENWICH THEATRE. S. CC. 858 7755. Evgs. 8.00. Mat. Sats. 2.30 LIBERTY HALL. A new play by Michael Frayn. "As merry a romp as I have seen for years." D. Tel. "A jolly evening with excellent performances." Times.

HAYMARKET. CC. 01-930 9832. Evenings 8.00. Wed. 2.30. Sat. 4.30 and 8.00. Gerald Harper. Kate O'Mara in the Sherlock Holmes Mystery THE CRUCIFER OF BLOOD by Paul Giovanni. LAST 5 WEEKS: ENDS MARCH 1.

HER MAJESTY'S THEATRE. 930 6606. Opening March 10. The Award Winning Broadway Musical ON THE TWENTIETH CENTURY. Reduced price previews from March 10.

KING'S HEAD. 226 1916. Dnr. 7. Show 8. Estelle Kohler in SHAKESPEARE LADY. The Life and Times of Fanny Kemble. Fri. and Sat. only Eve. 8. JUST A SONG AT TWILIGHT with Terence Hardiman and David King. 1.15 pm NIGHT DUTY.

LYRIC HAMMERSMITH. 01-741 2311. Mon. to Sat. 7.30. Mats. Thurs. and Sat. 2.30. Last Week! Sandy Wilson's ALADDIN. From Feb. 6. prevs. 7.30. COUNTRY LIFE by Carlo Goldoni.

LYRIC STUDIO. Eves. 8. Sats. 5.30 and 8.30. CITY DELIGHTS. A lyric revue.

LYRIC THEATRE. CC. 01-437 3686. Grp. Sales 379 6061. Evgs. 8.00. Wed. 3.00. Sat. 5.00 and 8.00. RICHARD BRIERS. PAUL EDDINGTON in MIDDLE AGE SPREAD. COMEDY OF THE YEAR. WEST END THEATRE AWARDS.

MAY FAIR. CC. 01-629 3036. Preview Feb. 5 at 8.00. Opens Feb. 6 at 7.00. Subs. Mon., Thurs. 8.00. Fri. Sat. 6.00. 8.45. SUSANNAH YORK, DANIEL MASSEY, DONALD PICKERING, FRANCES WHITE in APPEARANCES, by Simon Beamuss after Henry James.

NATIONAL THEATRE. S. CC. 928 2252. OLIVIER (open stage): Today 2.45 & 7.30. Tomor 7.30, last perfs. of UNDISCOVERED COUNTRY by Arthur Schnitzler in a version by Tom Stoppard. LYTTELTON (proscenium stage): Previews from Sat 7.45 Thee and Me a new play by Philip Martin. COTTESLOE (small auditorium—all tkts £2.50. Student Standby £1.20): Eugene O'Neill Season: Ton't & Tomor 8.00 THE LONG VOYAGE HOME. Excellent cheap seats from 10 am day of perf all 3 theatres. Restaurant 928 2033. Credit card bkgs 928 3052.

OLD VIC. 928 7616. Le Groupe TSE presents PEINES DE COEUR D'UNE CHATTE ANGLAISE (Heartache of an English Pussycat). Evgs. 7.30. Thurs. and Sat. matinees 2.30.

OLD VIC. 928 1616. Abbey Theatre Company presents Cyril Cusack in A LIFE by Hugh Leonard, author of "Da." Feb. 4-15, two weeks only, at 7.30 pm. Sponsored by Kerrygold and B & I Line and presented as part of "A Sense of Ireland" (London Festival of Arts).

PALACE. CC. 01-437 6834. Mon.-Thurs. 8.00. Fri., Sat. 6.00 and 8.40 JESUS CHRIST SUPERSTAR by Tim Rice and Andrew Lloyd-Webber. Group sales 01-379 6061 or Freephone 2381.

PALLADIUM. CC. 01-437 7373. YUL BRYNNER in RODGERS & HAMMERSTEIN'S THE KING AND I also starring VIRGINIA McKENNA. HOTLINE 01-437 2055. Evenings 7.30. Mats. Wed. and Sat. 2.45. Some good seats available for Weds. Mats.

PHOENIX THEATRE. CC. 01-836 2294. Evgs. 8.00. Wed. 3.00. Sat. 5.00 & 8.30. SUSAN HAMPSHIRE. PATRICK MOWER SECOND YEAR OF TOM STOPPARD'S NIGHT AND DAY. Directed by Peter Wood. BEST PLAY OF THE YEAR. Evening Standard Drama Award.

PICCADILLY. From 9.00 am. 437 4506. CC bkgs 836 1071. Evgs. 8.00. Thurs. 5.00 and 8.00. Sat. 5.30 and 8.30. PETER BARKWORTH, HANNAH GORDON in Brian Clark's new play CAN YOU HEAR ME AT THE BACK! LAST 3 WEEKS. ENDS 16 FEB.

PRINCE EDWARD. CC. 01-437 6877. Evgs. 8.00. Mats. Thur. and Sat. at 3.00. EVITA by Tim Rice and Andrew Lloyd-Webber. Directed by Harold Prince. Matinee seats now available.

PRINCE OF WALES THEATRE. 930 8681. An Evening with TOMMY STEELE and his Company. Evgs. Mon.-Thurs. 8.30. Fri. and Sat. 6.00 and 8.30. Book Now.

RAYMOND REVUEBAR. CC. 01-734 1593. At 7.00, 9.00, 11.00 pm. Opens Suns. PAUL RAYMOND presents THE FESTIVAL OF EROTICA. 22nd Sensational Year. Fully air-conditioned.

ROYAL COURT. S. 730 1745. Prevs. 2 & 4 Feb. at 8. Opens 5 Feb. at 8. PEOPLE SHOW No. 84. Mon. and Tues. all seats £1.50. Wed. and Sat. all seats £2.00.

ST. GEORGE'S THEATRE. 607 1128. Evgs. 8. Sat. Mats. 5 (24 hr. bkg.) Elvi Hale, John Quentin in ON APPROVAL Frederick Lonsdale's comedy. Special 2.00 Perfs. Tues. to Fri. JULIUS CAESAR.

ST. MARTIN'S. Credit Cards. 836 1443. Evgs. 8.00. Tues. 2.45. Sats. 5.00 and 8.00 AGATHA CHRISTIE'S THE MOUSETRAP. WORLD'S LONGEST-EVER RUN. 28th YEAR.

SAVOY THEATRE. 01-836 8888. CC. 836 8118. (Mon.-Fri. 10-6). LESLIE PHILLIPS JUNE WHITFIELD, SYLVIA SYMS and ANDREW SACHS NOT NOW DARLING. Mon.-Thurs. 8.00. Fri. and Sat. 5.45 and 8.45. Reduced price mats. on Friday. Group bookings 01-437 3856.

SHAFTESBURY THEATRE. CC. S. 01-836 6595. From Feb. 2. Evgs. 8.0. Weds. 3.0. Sats. 5.30 & 8.30. CAROL CHANNING HELLO DOLLY! Also starring EDDIE BRACKEN Seats £1-£6.50. Group Bookings 01-734 2293. SPECIAL PRICES STUDENTS & OAPs Wed. Mat. all seats £2.50 OAPs and students.

STRAND. 01-836 2660. Evenings 8.00. Mats. Thurs. 3.00. Sat. 5.30 and 8.30. LONGEST RUNNING COMEDY IN THE WORLD. NO SEX PLEASE—WE'RE BRITISH. Credit cards 01-836 4143. Group sales 01-379 6051 or Freephone 2381.

TALK OF THE TOWN. CC. 01-734 5051. AIR CONDITIONING. CREDIT CARDS. LONDON'S GREATEST NIGHT OUT. From 8.00. Dining and Dancing. 9.30 SUPER REVUE "BUBBLY." AT 11.00 THE BLACK ABBOTS DANCING UNTIL 1.00 am.

VAUDEVILLE. S. CC. 01-836 9988. Evgs. 8.00. Sat 5.30 and 8.30. Wed. Mat. 2.45 ALAN BATES in STAGE STRUCK. A new thriller by Simon Gray.

VICTORIA PALACE. CC. 01-828 4735-6. 01-834 1317. Evgs. 7.30. Mats. Wed. and Sat. 2.45. ANNIE. Group Sales Box Office 01-379 6061 or Freephone 2381.

WAREHOUSE. Donmar Theatre. Covent Garden. Box office 836 6808. S. ROYAL SHAKESPEARE COMPANY. Ton't 7.30, tomor 7.00: Brecht's THE CAUCASIAN CHALK CIRCLE (sold out).

WEMBLEY ARENA. 01-902 1234. Entirely new prodn. of the lavish HOLIDAY ON ICE. Tues. to Fri. 7.45. Mat. Weds. 3.00. Sats. 2, 5 and 8. Suns. 3 and 6.30 (No perfs. Mons.). Children and Senior Cits. half-price. Pay at doors. Ample parking.

WHITEHALL. CC. 01-930 6692-7765. Mon. to Thurs. 8.00. Fri. and Sat. 6.10 and 8.30. IPI TOMBI. FIFTH GREAT YEAR. Reduced rate group bookings. 734 2293.

WINDMILL. CC. 01-437 6312. Twice nightly at 8.00 and 10.00. Suns. 6.00 and 8.00. Paul Raymond presents RIP OFF. The erotic experience of the modern era. Fourth great year.

WYNDHAM'S. 836 3028. CC bkgs. 379 6565. Evgs. 8.0. Royal Shakespeare Company in PIAF Pam Gems' play with songs about the legendary Piaf.

CINEMAS

ABC 1 & 2, Shaftesbury Ave. 836 8861. Sep. Perfs. All seats Bookable. 1: APOCALYPSE NOW (X). Wk. & Sun. 1.15, 4.30, 7.55. 2: TIME AFTER TIME (AA). Wk. & Sun. 2.00, 5.00, 8.00.

CLASSIC 1, 2, 3, Haymarket (Piccadilly Circus Tube). 01-839 1527. 1: APOCALYPSE NOW (X). A 70 mm Dolby Stereo presentation. Progs. 1.30, 4.30 only. Closed to General Public 7.40 perf. Gala premiere SUNBURN (A). 2: FINAL DAY! CARAVANS (A). Progs. 12.40 (not Sun.) 2.50, 5.20, 7.55. 3: FINAL DAY! MOONRAKER (A). Progs. 12.45 (not Sun.) 3.00, 5.35, 8.15.

CLASSIC POLY, Oxford Circus (Upper Regent Street) 637 9863. A DIFFERENT STORY (AA). Progs. 1.00 (Not Sun.) 3.00, 5.35, 8.05.

CLASSIC 1, 2, 3, 4, 5, Oxford St. 01-636 0310 (opp. Tottenham Court Rd. Tube). 1: James Brolin THE AMITYVILLE HORROR (X). Full stereophonic sound. Progs. 1.00, 3.25, 5.55, 8.20. 2: Clint Eastwood ESCAPE FROM ALCATRAZ (AA). Progs. 1.40, 4.00, 6.20, 8.40. 3: Woody Allen MANHATTAN (AA). Progs. 12.50, 2.50, 4.50, 6.50, 8.50. 4: J. R. R. Tolkien's THE LORD OF THE RINGS (A). Progs. 1.00, 3.25, 5.55, 8.25. 5: FINAL DAY! LOVE AT FIRST BITE (AA). Sep. perfs. Doors open 2.00, 5.00, 8.00.

CLASSIC, Leicester Square. 930 6915. HOT STUFF (AA). STEEL (AA). Progs. 12.10 (not Sun.) 2.05, 5.40, 7.30.

CURZON, Curzon Street, W1. 499 3737. LEE REMICK in THE EUROPEANS (U). Progs. 2.00 (not Sun.) 4.00, 6.20, 8.40.

ODEON HAYMARKET. (930 2738-2771). Jill Clayburgh in Bertolucci's LA LUNA (X). Sep. perfs. Wks. 1.45, 5.05, 8.10.

ODEON LEICESTER SQUARE. (930 6111) THE BLACK HOLE (A). Sep. perfs. Dly. 1.45, 5.00, 8.15. All seats Bookable at Box Office or by Post.

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CLUBS

THE ARTS

Television

The serial's the thing

by CHRIS DUNKLEY

Recent plays by David Hare and John Osborne have heftily reinforced the belief about television drama built up in this column during the last seven years: that the single play (so vociferously championed by an Eng. Lit. faction which has no instinctive feel for television and even less respect for it) is an over-valued form producing far more dross than gold, and is nothing like as well suited to the medium as are series and serials.

It must promptly be admitted that some of television's most original works have appeared in the form of single plays—but they have been few and far between: *Blue Remembered Hills* comes to mind and some of the strand of social realism exemplified by *Cathy Come Home*. Even here, though, the best work of recent years has been in series: for instance *Law And Order* (which, I am delighted to learn, is to be repeated on Sundays on BBC2 starting on March 9).

Furthermore, I exclude from the definition of the true single play most drama-documentaries or "faction," though it is ultimately impossible to draw a line marking exactly where documentary ends and drama starts. Many viewers would refer loosely to Andrée Molyneux's superbly entertaining BBC2 biography on Friday, *Songs of a Sourdough*, as a "play" mainly, perhaps, because the most gripping sequence happened to be the opening one with Fulton Mackay in the role of Robert Service, dressed in pyjamas, delivering "Dan McGrew" to an enthralled audience in a Klondike saloon. Yet with its adroit use of archive stills, its clip from an interview with the real Service, and its concern with historical facts, the programme would fit perfectly well into the definition of documentary—"the creative interpretation of reality"—given by John Grierson who coined the word in the first place.

Skirting round the morass of other definitions, I repeat that the single play is over-valued and suggest that Osborne's *You're Not Watching Me Mummy* bears this out. Further I believe that if Osborne's play—or what seemed, rather, like notes towards a scene from a play—had been submitted to television not by him, with the cachet of a supposedly "serious" playwright, but by Joe Bloggs it would rightly have been rejected out of hand as unoriginal and, in its single-file procession of characters each delivering a self-contained set piece, structurally inept.

Yet this scrap of nonsense received far more attention than the four episodes shown so far of John Finch's engrossing BBC1 serial *Flesh And Blood* put together; an illustration of the unhealthy symbiosis existing between those who create single plays and those who promote and otherwise write about them, most of whom used to form a single university group studying Beowulf and Marlowe together.

Hare's single play, *Dreams Of Leaving* on BBC1 was, in contrast to Osborne's, technically accomplished. Kate Nelligan's acting was, once again, beautiful (a carefully chosen word) and Hare's own direction almost as impressive and adventurous (as in his television play *Licking Hitler* two years ago. But what did it all mean? Ninety per cent of the new play described yet again the relationship between television's two trendiest stereotypes of the late seventies: the wishy washy heavily dependent sexually clumsy incompetent scruffy male and the witty polymathic elegant sexually sophisticated independent female. (The man, predictably, was a newspaper reporter. My theory concerning the Fleet Street paranoia which Osborne and Hare share with Stoppard is that all three men are journalists or critics manqués and rather ashamed of making a living from the theatre's tinsel world of make believe . . .)

Hare's play ended with one of those speed-up sequences which have become his trade mark, and this time he seemed to be trying to have things both ways by sending his heroine to a mental hospital. It was a glossy yet sombre work which I suspect had rather less to say than was implied, yet it is hard to be sure because it stopped just where a good television serial would be starting.

Since that production a fortnight ago there have been other single plays of course: BBC1's Play Of The Month has ill advisedly changed its name to Festival and opened a new season with a strikingly pretty version of *The Misanthrope*, updated to the Paris of the twenties and with Ian Holm cast, perhaps not entirely happily, as Alceste opposite the unsettlingly attractive Cheri Lunghi as Célimène. Molière's play is a classic, it is true, and the modernisation was clever. Yet television is rarely at its best when doing the worthy job of conveying classic plays to the millions.

Which is not to say, however, that single plays written specially for television are necessarily better. Molière managed 300 years ago to say in his play 10 times more about the hypocrisy and sycophancy of fashionable society than Osborne managed in his squib. And John Challen's *Lifelike* on BBC2 was not only written expressly for television but was actually all about making a television play, too; yet its content was very slight.

Gentle Folk in the same slot the previous week was a lot more meaty. Having rapidly created a powerful Edwardian atmosphere, writer Alexander Baron and director Rodney Bennett played their characters against one another with the skill of true dramatists, and Baron's main theme of the young man suffering from premonitions of later 20th century barbarities was as eerie as some of the Priestley time plays.

The main point to be made, however, is that these single plays seem like sketchy and fleeting film trailers when compared to BBC-2's five part serialisation of *Pride And Prejudice* which has been directed by Cyril Coke, adapted by Fay Wheldon, and produced astonishingly by Jonathan Powell. Astonishingly because his last two works were *Testament Of Youth* and *Tinker Tailor Soldier Spy*, two of the best television serials in years and to follow up with a third of similarly magnificent quality really is rather astounding.

It may be objected that *Pride And Prejudice* is, surely, an example of classic culture not so very different from *The Misanthrope*, even though written 150 years later and about another society in a different country, and that by my own reasoning television could not be at its best in conveying it to the viewing millions.

But my point is that the very facts of serialisation — length, scope, continual returns to the same characters and locations and sets, the audience's steady accumulation of background and understanding until the viewer himself starts to contribute to that cumulative process—all make for a huge qualitative difference between single plays and serials. *Not* to switch on Part 4 next Sunday (or Part 3 at 5.55 tonight if you are watching the midweek repeats) would be as unthinkable as not reading the next chapter of a good novel.

It may be partly a matter of finance: perhaps it is only with a serial or series that it is economic to dress sets with the sort of scrupulous detail that Barbara Gosnold seems to have achieved on *Pride and Prejudice* so that one can believe unthinkingly in the surroundings. Certainly it cannot be cheap to include a perfect little cameo scene such as that of Jane writing a letter by candlelight in Episode 3 — like a fine Dutch interior. Yet generally it cannot be put down simply to money.

What it can be put down to will have to form the subject of next week's column since this one suffers from the very fault it identifies: devoting too much attention to single plays and too little to series and serials. Not only is there more to say about *Pride And Prejudice*, but the phenomenon called John Finch demands more attention: his 10-part *Flesh And Blood* on BBC-1 has been joined this week by *The Spoils Of War* on ITV which promises to be even more extensive—perhaps a challenge to his own 52-part *Family At War*.

David Rintoul and Elizabeth Garvie in "Pride and Prejudice"

Round House

Richard III

by MICHAEL COVENEY

The Kremlin must be shaking in its collective boots at the news that *Vogue's* part-time critic has boycotted the visit to London of the Rustaveli Theatre of Georgia, whose outstandingly talented company has just beaten the cultural freeze and provides, in the performance of Ramaz Chkhikvadze, the genuine article, great acting. At first, it seemed as if Robert Maxwell, who has put up the money, had decided to tell us about the winter of his discontent. But he was there merely to draw attention to the fact that no one was protesting. A few counter-demonstrators outside were cheering the Russian invasion, looking slightly silly with nothing to counter-demonstrate against. Inside, the house gave the company a standing ovation.

Chkhikvadze joins the élite of Olivier, Ian Holm and Robert Hirsch in the central role. But it is an interpretation fully integrated into a view of the play that is not so much Machiavellian as fatalistic. Queen Margaret, resembling the Queen of the Night, ushers the characters to and fro, instructing them in their grisly fates from a leather-bound tome. Chkhikvadze does not so much determine his campaign of greed and murder as deferentially succumb to it.

He first appears rolling downstage in a walk miraculously executed by legs that are permanently crossed. Like the supremely effective music, he asserts himself by a patient process of insinuation. The wooing of the widow Queen is both ethereal and exhausting. Every suggestion is given rock solid facial expression and then fixed by a commanding stare, at which point his pupils vacate their sockets and disappear into his skull. There are repeated quotations from Bach's C Minor Prelude, Gounod's "Ave Maria" and the Mozart Requiem, along with a jaunty ragtime motif that deflates any hint of ambition even as it is dropped.

Golden toy crowns are proffered and doffed to the manic accompaniment of rock and roll. The sideshow feel of the thing is stunningly reinforced in the last section when the doomed Richard is dogged by a wise old clown, played by an actor, Avto Makharadze, who has two mouths for the price of one and has also played a comically slobbering Edward IV in a walking frame and an invented Archbishop. Richmond is there from the beginning, finally tackling his adversary in slow motion through a huge map of Europe.

Robert Sturua, the director, has used the Round House to full advantage, finding a wonderful sense of space between his characters and yet never allowing us to miss telling moments of gesture and expression. This is the best company of middle-aged actors I have ever seen and, since I first saw them three years ago in Mexico, my enthusiasm for them is quite undiminished.

Leonard Burt

Ramaz Chkhikvadze

Festival Hall

Barenboim

by DOMINIC GILL

I have written here at length on many occasions of my admiration for Barenboim—and also of my reservations, which have made that admiration sometimes less than complete. His huge survey in seven recitals this season of "Great masterpieces of the keyboard" is a massive tour de force, and the finest things in it so far have been very fine. But the best has been regularly mixed with the second best; and though Barenboim's second best is good and stimulating enough to be acceptable from many another excellent pianist, from him it is a disappointment. By the uncommonly high standards we demand of him—and if they seem ungenerous, they are actually the highest compliment—he plays far too often less well than he ought.

On Monday evening, the fifth recital of his series was an exact repeat, except for one work, of the all-Chopin programme he gave in the same hall just over eight years ago. It was once more, as then, in general terms a vigorous success; nothing went seriously wrong, and much went splendidly right. Yet almost from first to last, with one or two notable exceptions, the playing lacked just that degree of close focus, of close, careful working, that could have made it superb—lacked, in a single, subjective word, magic.

It was not a matter of notes at all, or of tempi, dots and slurs, but attitudes and effects. Barenboim's performances were strong and clever, with all the right superficial attributes, and many more profound ones, which nonetheless rarely moved, rarely convinced entirely. There was no sense of stale repetition: but neither was there any powerful sense of fresh adventure and discovery—as if the matter of playing Chopin had become so easy, so natural and automatic, that the key to every piece was to be discovered directly now with no more than the shrug of a brilliant reflex.

Barenboim cannot touch the keyboard without making a beautiful sound: if we had come for the sonority alone, it would have been an evening of unallayed delight. The tone of his F minor Fantasy was sombre, very grand—the tempo very *grave*; and the sound-world of the little rarely-heard C minor (op.posth.) Nocturne that he slipped in between the Fantasy and the B flat minor sonata was a ravishing contrast—a single dimension of coolness, dark and delicate. There were fine things in the sonata, too: the Funeral March especially, delivered straight as a die, and the brilliant *sotto voce* whirl of the finale, without any Russian windy surges (more brilliant still if as much attention had been paid to the left hand as to the right).

There were jewelled sonorities in plenty also in the Berceuse and Barcarolle: but Barenboim can play like this in his sleep—the sound apart, there was little special to the performance, no individual quality or line. Suddenly, the focus drew close: if there had been no more than a fraction of the detail and distilled poetry in the rest of the concert that Barenboim found in the A minor Waltz (never mind the funereal tempo), it would have been a different evening entirely. But his finale of the A flat Polonaise was no more than routine slick—and inaccurate slick at that.

Teatro San Carlo, Naples

Il duca d'Alba

by WILLIAM WEAVER

The Teatro San Carlo, like every Italian opera house, has been having a hard time these past few years. In addition to the financial difficulties that beset every cultural institution in the country, the great Neapolitan theatre has had to face continuing managerial problems. At the present writing it still lacks a General Manager, and is being administered by a Rome-appointed commissioner (the appointment of a Sovrintendente apparently will have to wait until after the next elections, since the position has, inevitably, become political). The San Carlo does, however, have an artistic consultant, the musicologist Rubino Profeta, and an artistic director, the conductor Elio Boncompagni; and so a programme was devised for the 1979-80 season, which opened on schedule, just after Christmas.

The inaugural opera, which is still running, was Donizetti's *Il duca d'Alba*, in a new production designed by Fiorella Mariani and staged by Franco Enriquez. The opera had not been heard in Naples since April, 1882, when it was given less than a month after its posthumous premiere at the Teatro *Apollo* in Rome. As a matter of fact, after the 1880s, *Il duca d'Alba*—which the composer had left not quite completed at his death—disappeared from the Italian stage altogether until Thomas Schippers came upon the score and presented it at the Spoleto festival in 1959. Since then it has been revived on various occasions and has become a familiar, if not a standard, play of the repertory.

It is not quite clear why Donizetti abandoned this score, but when he did put it aside, he appropriated its best number, the tenor aria "Spirto gentil," for *La favorite*, which he was writing at the same time. Still, even without that lovely piece (replaced with "Angelo casto e bel," written by Donizetti's pupil Matteo Salvi, charged with preparing a performing score in the 1880s), *Il duca d'Alba* is a thoroughly likeable work, with some stirring pages. In Spoleto, under the fiery and totally convinced direction of Schippers, those pages came to vivid life; and the whole opera was profoundly moving, exciting.

In Naples, the conductor Anton Guadagno gave a less impassioned reading, and several scenes did not have their full impact. Among these were the Verdian outburst of the tenor in Act I, scene 2, "Libertà, libertà, gran diva"; and the vigorous martial music that opens, and then closes, the last act. Still, the performance was never stagnant; and if *Il duca d'Alba* is not supreme Donizetti, not on a level with, say, *Lucrezia Borgia* or *Anna Bolena*, it is still a masterly work, and this Naples performance demonstrated as much.

Guadagno led, in any event, a coherent performance; and the San Carlo orchestra, not always a reliable instrument, played well for him. The chorus sounded a bit less secure, but was still acceptable; and the cast was also good. It was headed by Angeles Gulin, who sang the part of Amelia d'Egmont. Gulin's voice is as big and opulent as ever, but not quite so unruly as it has been in the past.

Ottavio Garaventa, the tenor, was less effective as the romantic hero Marcello di Bruges. But, though he lacked vocal power, he did not lack taste, and he had the good sense not to force his voice beyond its pleasant, if modest capacity. In the role of the Duke, Silvano Carroli seemed slightly uneasy during his first appearance, but then settled down and gave a sober, elegant interpretation.

Twenty years ago, when Visconti was preparing to produce the Schippers *Duca d'Alba* for Spoleto, he miraculously discovered, intact, nearly all the sets designed by Carlo Ferraris for the 1882 premiere, preserved in a Roman warehouse. They were handsome and still serviceable, and Visconti immediately put them to use; they were subsequently seen in other Italian revivals. Fiorella Mariani's new scenery was nearly as good-looking (this is high praise) and a good deal more agile, so scene-changes were rapid.

The other great event in Naples at present is the "Civiltà del '700 a Napoli," a series of exhibitions illustrating the arts and the life of the city under the first Bourbon rulers. Not all the shows are yet open and they will continue until next October, so there will be ample time to described them later.

Festival Hall

London Symphony

by DAVID MURRAY

Having chosen to mark Mozart's birthday on Monday by performing the *Jupiter Symphony* and the grand, unfinished *C minor Mass*, Claudio Abbado and the LSO offered a tribute that was deeply respectful rather than joyous. The *Jupiter* was sedulously prepared, with every phrase-end neatly trimmed. There was no suggestion of pomp, and the discreetly reduced strings were matched by only the prescribed number of winds. With the close attention of his players, Abbado achieved a positively analytical balance: unusually many voices were delicately audible in the development of the *Allegro vivace*, and very lightly touched quavers in the *Menuetto* kept it bright and airborne.

The Finale seemed, all the same, something less than the triumphant invention it is. One expected rare transparency for its exuberant counterpoint, but in fact it emerged temperate and not especially vivid. Certainly there was no slackness in the playing; the trouble, I thought, was that the careful characterisation of the tunes was all externally imposed—nobody's attack sprang from any vital instinct. Abbado may have taken too much care.

No less care had been expended on the *Mass* (sung by a very large London Symphony Chorus, extremely well, in the Robbins Landon edition), and there the result was imposing indeed. What often seem the less interesting sections of the work (relatively speaking: there is really nothing weak in it) were powerfully shaped and telling, without manufactured drama — in stern music, Abbado is splendid, and the *Qui tollis* was colossal.

Unfortunately his epic sobriety infected his soprano soloists too. Margaret Price, in luminous voice despite a hint of breathiness untypical of her best form, sounded lovely in the *Christe eleison*, but she took the operatically ravishing *Et incarnatus* as if it belonged to a Bach cantata: beautiful to hear, but all pious restraint, with the florid passages slowly and solemnly delivered.

The *Laudamus te* went to Frederica von Stade—frail, charming and very cautious; since she and Miss Price were decisively ill-matched in the ecstatic *Domine Deus* duet, there was no thrill in their entwined soaring. A human dimension of the Mass was lost, then; but its monumental side was grandly displayed, and there were great rewards in that.

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Divisions in Islam

THE OUTCOME of the extraordinary session of the Islamic Conference in Islamabad was in many ways characteristic of that organisation and of what has become known popularly as the resurgence of Islam. In short, it showed that there was far from unanimity among the states their, and that, as a formal organisation, it probably wields less power than it claims.

Olympics

The U.S. could take some comfort from the forthright condemnation of the Soviet invasion of Afghanistan and the demand for the withdrawal of troops. But the conference stopped short of coming out openly against participation in the Olympic Games in Moscow.

Furthermore, the final statement of the conference was drawn up in the absence of some of the militant Arab states most opposed to the Camp David agreements between Egypt and Israel. Syria, for instance, did not attend, preferring to play host to Mr. Andrei Gromyko. Some of its fellow Arab militants stayed away to avoid being openly opposed to the Soviet Union.

Even among the participants there is a clear reluctance to align themselves with the U.S. Although most members of the Islamic Conference probably regard the taking of the U.S. hostages in Tehran and many of Ayatollah Khomeini's policies as discrediting Islam, the opportunity to strengthen the position of Islamic countries against the Soviet Union was evaded.

Influence

On the face of it, the 41 States which make up the Islamic Conference should have strong claims for international political influence. The populations of these predominantly Moslem countries total about 700m. They include some of the major oil producers and members of OPEC. If co-ordinated, their vote in the UN General Assembly could be crucial. Geographically, these Moslem countries cut a broad swathe across the globe.

The size of their population, their wealth stemming from oil and the investment of surpluses in the West, have given material backing to the feeling, stimulated by the Arab military performance in the 1973 war with Israel, that Islam is on the rise again after years of psychological inferiority—first at the hands of the British and the French and more recently Israel.

But the Islamic Conference is fundamentally a disunited body. First, its membership is far from comprehensive, omitting for example the 80m or so Moslems in India, and a somewhat lower number in the Soviet Union. Second, the Islamic world itself is far from being homogeneous. It is a strength of Islam that it has been able to absorb peoples of such varying ethnic and cultural backgrounds. But this is also a weakness as it means the Islamic movement can never be monolithic.

Third, the economic and population disparities are enormous—ranging from Indonesia's 130m to Qatar's 0.2m from Kuwait's per capita GNP of $12,700 to Niger's $220. Behind these differences lies also the resentment that the very rich have not done as much as they could to help the poor. Fourth, like most developing countries, the Islamic States are deeply reluctant to be drawn into making a decisive choice between the two superpowers—the U.S. and the Soviet Union—even in the event of outright invasion.

Insult

Finally, the Islamic countries are largely hostile to the bilateral agreement between Egypt and Israel. Indeed, because of this treaty Egypt's conference membership was suspended last year. President Sadat in his Monday speech did not help here. In theory, the invasion of Afghanistan opened the way for a possible rapprochement with such countries as Saudi Arabia, and eventual rehabilitation in the Arab world. But while Mr. Sadat ordered the cut back of the Soviet Embassy in Cairo from 50 to seven members, he gratuitously insulted the Saudis, accusing them of playing off Washington and Moscow, and thereby making it harder for Riyadh to press U.S. interests in Islamabad. Thus, while Islam may be a force powerful enough to overthrow the Shah and shake the House of Saud through the occupation of the Great Mosque in Mecca last November, as a co-ordinated, and formal international political force it remains weak and divided.

Reacting to oil price rises

SCARCELY EVER have governments and economists all over the world been so unanimous about a major economic issue as they are today about the danger and futility of a reflationary response to the latest round of OPEC oil price increases. On Monday, just as President Carter was presenting a Budget which was commendably cautious for an election year, the British Chancellor and Mr. Emile van Lennep, Secretary-General of the OECD, were speaking to groups of economists in almost identical terms, expressing satisfaction at the way that most developed countries are determined to avoid the inflationary mistakes which they made after the 1973 oil crisis.

Tax systems

It must be encouraging to the British Government to find that the OECD, which is traditionally a "Keynesian" institution and which in 1973 strongly advocated reflation to compensate for the demand deficiency imposed on the world economy by OPEC savings, has come round to the view that inflation, rather than deflation, is the greatest danger facing the world economy. It must similarly be encouraging to President Carter to find Mr. van Lennep stressing that under no circumstances must consumers be protected from rising energy costs. Indeed Mr. van Lennep believes that governments should act through their tax systems to ensure that energy prices go on rising in real terms even if energy demand begins to slacken or if the OPEC price structure weakens.

But Mr. van Lennep takes his analysis further, in a direction which casts an interesting light on the policies being pursued in Britain and elsewhere. It is to offset the inevitably inflationary effects of increasing energy prices that Governments have to deflate their economies. But the particular way that deflation is brought about is a vital part of the recipe for economic success. An economy can only be returned to a path of sustainable growth if it "ends up with a relationship between costs and prices sufficiently favourable to profits" to ensure that investment is undertaken despite a "chilly economic environment."

If OPEC surpluses were matched by investment, rather than consumption, in the non-oil producing countries, the world economy could return to a path of non-inflationary growth. And it is, in Mr. van Lennep's view, the success or failure of various countries in achieving the right relationship between costs and prices after the shock of the 1973 oil crisis, that has largely determined their prosperity since then.

In the latest boom in oil prices, Britain is uniquely privileged because of its self-sufficiency in oil. This ensures that higher oil prices do not lead to a loss of income for the nation as a whole. They do, however, produce a transfer of resources away from the non-energy sectors of the economy towards the energy sector. This means, in effect, the Government, which will be receiving steadily growing revenues from royalties and Petroleum Revenue Tax. The key to Britain's current economic predicament is to find ways of ensuring that the gains of the energy sector are channelled back to the non-energy sector in such a way as to sustain profits. The danger which is all too evident from current trends in corporate profits is that the impact on the non-energy sectors will be borne by profits, rather than wages, while the gains to the non-energy sector, as tax revenues are channelled back, will go also to the personal sector.

Free market

The difficulty which this analysis brings out very clearly is that it is in "achieving a cost and price structure which is favourable to investment that the existing instruments of economic policy seem most inadequate." On this fundamental point it is clear that the OECD has not yet come to share the British Government's free market views. Indeed Mr. van Lennep believes that "the main moral to be drawn from looking at the experience of different countries is that policy should be focused on achieving the proper relationship between domestic costs and prices." Unfortunately in Britain incomes policies of every kind have been tried and have failed. The question now is whether the Government's fiscal and monetary policies will have the desired effect.

American foreign policy takes a quantum jump

By JUREK MARTIN, U.S. Editor

A WAR tremor has been felt in the U.S. during the past couple of weeks; not an earthquake by any means and not one always easily detectable on the Richter scale.

The manifestations have been disparate: the jingoistic cheers from members of Congress when President Carter told them in his State of the Union message that the U.S. would defend, by force if necessary, the integrity of the Gulf and that he was proposing recommencing registration for national military service; conversations of a colleague with a farmer in Iowa afraid for the future of his grandchildren (boys and girls) and with friends in New York, the latter perhaps overinfluenced by the hysterical treatment accorded international crises in certain newspaper articles; the occasional worried article by normally pragmatic journalists even in normally sober newspapers, such as the Los Angeles Times. In a sense even the rallying round President Carter reflects this fear.

Some politicians have picked up the vibrations. Senator Edward Kennedy, his presidential ambitions suddenly clouded over by his defeat in last week's Iowa caucuses, thought the President was to blame. In what was for the Senator a crucial speech on Monday at Georgetown University in Washington, in which he assailed the President from the Left domestically and, at times, from the Right in foreign policy, he wondered whether the Soviet invasion of Afghanistan really ranked with two Berlin crises, the Korean war, the takeover of Hungary and Czechoslovakia, the Cuban missile confrontation and the Vietnam war as, in Mr. Carter's words "the gravest threat to peace since World War II."

Caustically, Mr. Kennedy commented in his frontal assault: "Exaggeration and hyperbole are the enemies of sensible foreign policy . . . Exaggerated dangers and empty symbols will not resolve a foreign crisis . . . We cannot afford a foreign policy based on the pangs of unrequited love" (of Mr. Carter for President Brezhnev).

Similarly reeling from the aftermath of Iowa, Mr. Ronald Reagan, no longer the overwhelming favourite to win the Republican presidential nomination, sought to revive his fortunes by offering his audiences some traditional red meat. The U.S., he declared, should forget about Salt I and Salt II and re-arm vigorously. While Mr. Kennedy criticised Mr. Carter's alleged vacillations and misjudgments, Mr. Reagan raised again the spectre of appeasement and likened the President's record to the tapping of Neville Chamberlain's umbrella on the cobblestones of Munich.

Interestingly, when the spectacular rhetoric and retrospective criticism are stripped away neither Mr. Kennedy, Mr. Reagan nor, come to that, anybody else has come forward with a substantially different forward-looking foreign policy prescription from that outlined by the President in his State of the Union message last week. Senator Kennedy's six point programme — accompanied by the plea that detente must not be condemned to premature extinction — could have been written, with a few word changes here and there, in the White House. He was more insistent than the President in advocating that Iran's grievances against the Shah be given proper airing, but only in degree.

Indeed, from Left and Right of the political spectrum, there seems agreement on the new principles of American foreign policy: that national defence be enhanced (Congress may even add to, rather than subtract from, the proposed $15bn real increase of defence spending proposed in next year's budget), that the Gulf, however its boundaries are defined, must be protected against Soviet incursion, that the allies must hang together, not be hanged separately, and that the U.S. has been presented with a distinct opportunity to exploit, by assorted means, what it believes to have been Moscow's mistake of invading Afghanistan.

Illusory show of strength

Yet President Carter must know he is riding a tiger. His smashing victory in Iowa and the lead he is now given for the forthcoming primaries in New England, Mr. Kennedy's home turf, are probably illusory indications of strength, reflecting public discontent with the Kennedy candidacy more than happiness with Mr. Carter's performance as President. Some polls are beginning to show national impatience that after nearly three months 50 Americans are still being held in Tehran; and an apparently revived Republican Party is beginning to snap at the President's heels. It is, therefore, necessary, politically, for Mr. Carter to retain the foreign policy initiative.

That will not be easy. The most obvious reading of the new direction in American foreign policy, apart from the explicitness of the warning to Moscow to keep its hands off the Gulf, is its very vagueness. It is a quantum leap for the U.S. to unfold its protective umbrella over the Gulf as it has over Western Europe and Japan. But deliberately, for reasons of flexibility, the Administration is not saying who is covered, or to what extent, or even by what; or what circumstances would have to prevail for that protection to become effective. This very flexibility may not satisfy either the domestic or foreign audience for very long.

Perhaps even more clearly than in the State of the Union message, the new doctrine was recently best spelled out in a newspaper interview given by Dr. Zbigniew Brzezinski, its principal architect. Although State Department and other Administration officials may hold the National Security Adviser in dubious regard, they do not dissent in substance from the arguments he puts forth.

For a start, he stresses that the U.S. does not envisage a relatively homogeneous NATO-like alliance in the Gulf region (or South West Asia, the preferred description here). "We have to be sensitive," he said, "to the desire for independence and distinctive identity of some of the countries concerned—and also to the significant ideological differences among the countries. We are none the less prepared, recognising these nuances, to work to create a cooperative security framework for the region in a variety of ways."

Translated, this seems to mean, for example, that the U.S. is prepared to foster new relationships with nations like Libya and Iraq, with which it has tenuous ties, but no inherent quarrel, as well as with their ideological mirror image, Saudi Arabia, the security of whose ruling monarchy is of genuine concern to Washington. It means shoring up Pakistan (which Dr. Brzezinski himself and the Under Secretary of State, Mr. Warren Christopher will visit later this week) without alienating its traditional enemy, India (the target of a mission by a veteran diplomat, Mr. Clark Clifford).

It means increased aid to Morocco, stepped up again only last week, to fight the Polisario guerrillas without giving offence to Algeria and thus jeopardising valuable western energy contracts. It means helping Turkey, whose new Prime Minister, Mr. Suleyman Demirel, has, in his latest economic package, gone some way to meeting the demands of his western creditors, without pushing Greece too far. It means closer ties with Somalia without sacrificing the possibility of some day coming to terms with its neighbour, Ethiopia. In each and every case, the balancing act will be difficult: in some it may be impossible.

It also entails renewing commitments to America's strongest friends in the region—Israel, Egypt, Jordan and Saudi Arabia. But there is a simultaneous recognition that a failure to overcome Israeli opposition to a resolution of the Palestinian problem and the status of Jerusalem could vitiate the whole effort.

There remains, too, the particular and still central problem of Iran. The U.S. has delayed implementing economic sanctions against Iran in the hope that Tehran will appreciate that the real threat to its integrity now emanates from the Soviet Union, not the West. There is guarded optimism that the victory in the Iranian presidential elections of Dr. Abol Hassan Bani-Sadr, who is seen here as a relative moderate, will increase the chances of an early release of the hostages in the U.S. embassy and that the Islamic summit in Islamabad will further push Iran in the direction of resolving the impasse with the U.S.

But, as Dr. Brzezinski acknowledged, nuances in the diplomatic approach are complex in the extreme. The second aspect of the new U.S. posture is equally problematical — the possible use of American military force and the circumstances in which it might be deployed.

A conspicuous omission from the State of the Union message was any reference to what the U.S. would do if the stability of a country in the area was threatened by internal revolution rather than from outside. There have been reports that President Carter nearly referred to the oilfields of the Gulf, rather than to the Gulf itself, as being in the vital interests of the U.S. If true, that implies that, above all, the U.S. would not stand by and watch Saudi Arabia disintegrate, thus endangering western oil deliveries. But that has not been explicitly stated in so many words. Events in Iran demonstrated the inability of the U.S. to frustrate popularly supported revolution, though Saudi Arabia, it is widely acknowledged, should not be automatically identified as having similar internal problems to Iran.

Nevertheless, the stated intention to assert an American military presence in the area, perhaps even relatively unobtrusively, does constitute another quantum policy leap. The so-called Nixon doctrine was designed to rely on regional powers with muscle to support the western cause. Iran was supposed to fill this role in the Gulf. That approach is now defunct and the onus now rests squarely on the American military, aided, of course, by the forces of friendly nations.

The vehicle of American power is to be President Carter's Rapid Deployment Force. As the 1981 budget (year starting October, 1980) shows, this is now a central element in U.S. defence planning in the 1980s. But it is conceded that this 100,000 strong contingent, based in the U.S., Europe and the Far East and supported by a new generation of transport aircraft and support ships, is a good five years away from full scale disposition.

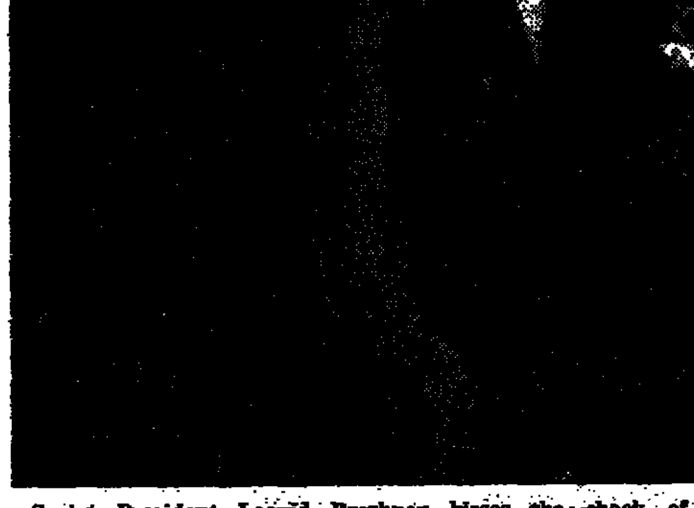
The U.S. is not exactly powerless in the interim, with two naval carrier task forces, equipped with substantial aerial firepower, already in the Arabian Sea; with two U.S.-based mobile divisions in Europe and the Pacific. The U.S. is also seeking to negotiate air and sea based facilities that it can use in extreme need, though there is doubt whether that can be easily arranged, in Somalia, Oman and Kenya. In any event, present forces are limited in effect to quick strikes or temporary holding actions in conventional warfare.

The U.S. also does not want to be seen to be abandoning, at the drop of an Afghan hat, the human rights policies which, qualified or not in recent years, it still sees as a potent weapon in the ideological war with the Soviet Union. The internal exile imposed on Dr. Andrei Sakharov, to whom, it will be recalled, President Carter sent a personal letter shortly after assuming office, does give the U.S. a further opportunity to present to the Third World at large, and the Gulf in particular, the contrast between American and Russian approach to human rights. But that, too, could be weakened if the U.S. is perceived as propping up unsavoury and already unstable right wing regimes merely in the interest of securing the West's oil lifeline.

But the subtle challenges of implementing the new policies have to be set in the more simplistic domestic context. The Administration, for example, seems much more relaxed than the Congress about the level of co-operation it is getting from the western alliances in the cases of both Iran and Afghanistan. The Congress, on the verge of recommending that the U.S. boycott the summer Olympics in Moscow, is likely to be incensed if France, West Germany, Japan or others fail to follow suit, apparently undermining the U.S. moral case.

The country is indeed in a strange mood, a once diffident President is talking tough and profiting politically from the conversion; his liberal opponent has taken to quoting Theodore Roosevelt, the "bully boy" President usually invoked by conservatives; an isolationist Congress has turned interventionist; and war tremors have been felt.

In the process, such signals as are still emanating to Moscow that the U.S. does not want to embark on escalation of the arms race have got lost. It would probably be unwise to overestimate the depth and permanence of U.S. belligerence. Muscle-flexing may be popular now, but maybe not to the point of actually dispatching American troops once again to fight in some far-flung and little-understood corner of the world for a cause that seems obscure. President Carter himself clearly does not want to go so far, but has concluded, no matter how reluctantly, that the line had to be drawn somewhere.



Soviet President Leonid Brezhnev kisses the cheek of President Carter at the signing of Salt 2 in Vienna last June: the "unrequited love" of Senator Kennedy's jibe.

MEN AND MATTERS

Engaged again . . . at 67

"I still have my wits about me, and I find I do not have enough to keep me engaged." That was how Sir Monty Finniston explained to me yesterday his decision to establish a brand-new business at the ripening age of 67. "Nobody believes my age; even I don't believe it. And I certainly refuse to acknowledge it."

To demonstrate his disbelief, the former chairman of British Steel—more recently renowned as the man responsible for a widely-acclaimed report on the future of engineering—has set himself up as a one-man consultancy company under the modest title of H. M. Finniston Ltd. With three "substantial" engineering companies on his books already, Sir Monty is gruffly confident that the list of clients will grow and his enterprise will expand rapidly.

"I am prepared to do anything where I can use my industrial and metallurgical experience," he said. But he will not, it seems, tackle any jobs which might be developed from his report. He firmly quashed rumours that he was likely to captain a new quango —the Engineering Authority— which may be formed to administer recommendations of the Finniston report.

"That has still got a lot of hoops to go through. But it is not for me. It is definitely a job for a younger man. Anyone who takes that on must be prepared to stick with it for at least five or 10 years." Which gives at least some indication of when Sir Monty plans to engage his wits in gentler pursuits.

Bunkered

These are hardly the most auspicious times for local authorities, few of which can afford to sneeze at a £150,000 windfall. But there are some who have misgivings about the manner in which the district council for mid-Sussex has come into a prize of roughly this proportion.

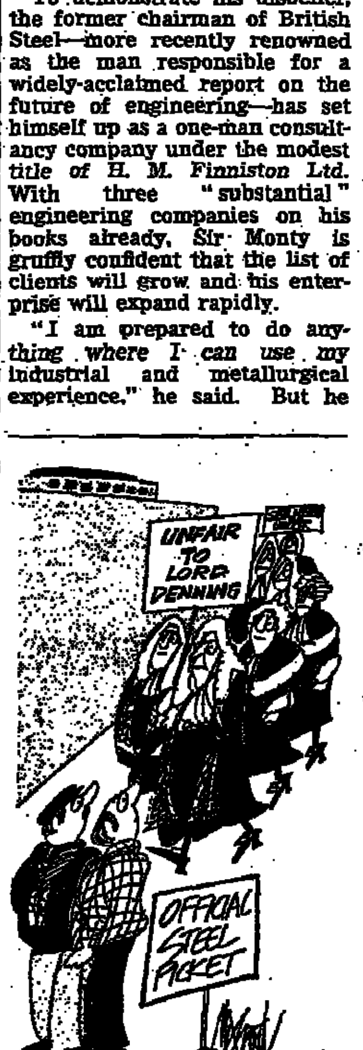
It will become reality when the council disposes of Beech Farm, Cuckfield, a 200-acre holding farmed by one Cecil Ray, who inherited the tenancy from his mother. The council bought the farm in 1974 for around £100,000 with the intention of "converting it for recreational purposes." The idea was apparently to build a "leisure complex" and a golf course. There was also talk of a caravan site. The council duly gave itself permission to change the use of the land and, as a result, had the right to evict Ray. He was served with notice to quit — though he continued to farm under licence—and was compensated with what his agents describe as "a derisory amount" under the Agricultural Holdings Act.

By November 1978, however, the council had announced that it could no longer afford a golf course, let alone a leisure complex. After a long deliberation in closed session last month it voted to sell the farm with vacant possession.

At current freehold prices the farm should fetch around £250,000, compared with £125,000 to £180,000 with a tenant farmer still in situ. A man in his late 50s who is in ill health, Ray is reported to be "very upset."

His agent, Richard Wainright, of Strutt and Parker, says the council appears to be perfectly within its rights, "but just from a common sense point of view it does seem a bit hard." More partisan in tone, Laurence Woodham, chairman of the East Sussex branch of the National Farmers' Union, describes the position as "immoral and unprincipled." He is pressing for Ray to be reinstated on his farm, a possibility that will no doubt come up when the council's policy committee meets tonight and discusses the affair.

For the moment, however, senior officials prepared to discuss the case appear to be fairly thin on the ground.



Wax or wane

It is not only stockbrokers and pundits who have to scrutinise the newspapers these days. Over at Madam Tussaud's they are anxious not to waste good money on immortalising the soon-to-be-forgotten in wax, nor to miss out any rising stars. The management enlists some help from its visitors by sending out a questionnaire asking who are their favourite heroes, objects of hate, pin-ups and entertainers.

The results, published yesterday, are in some cases surprising. Mrs. Thatcher made is past Jimmy Carter during 1979 to become Britain's favourite politician, which is not all that odd, but creeping up behind her are new favourites. Liberal MP Cyril Smith (who would cost a fortune to model and has not been, yet) and the deceased J. F. Kennedy.

Ayatollah Khomeini became the favourite object of hate, displacing Hitler to third place, behind President Amin. The Yorkshire Ripper follows close behind, displacing Jack the Ripper. The Ayatollah is viewable only in the flesh. "We'll wait a few more months," said a spokeswoman, "His health, you know—and we'll have to see what happens in Iran."

This cautious policy has paid off in the beauty stakes. Farrah Fawcett-Majors, the darling of two summers ago, has now vanished from the front-running five (led again by Sophia Loren). Brigitte Bardot has returned to number 3, but the museum has removed its 1967 model altogether and not yet sought a fresh sitting. Could not a few handfuls of wax be added in appropriate places? "No, no," said the spokeswoman in horrified tones. "If we do bring her up to date we'll start from scratch."

Certain models prove most co-operative about clothing, I hear. The Shah donated a large part of his wardrobe, and Mrs. Thatcher a pair of sensible court shoes.

Hibernating?

Brummie accountant Brian Mogford, not in the least affronted by my recent jokes at the expense of his profession or his home town, called me gleefully yesterday with a contribution of his own. He had just put the phone down on a senior official at the Birmingham Post Office who had explained at some length the reasons for his having to wait three months for the installation of a small switchboard in his office. In future, Mogford was asked, would he please direct his inquiries to the sales representative concerned — a Mr. Tortiss.

Injury time

They have a different way of doing things north of Watford. The newsletter of the Evesham chamber of commerce informs me that "traffic wardens are being run down as a policy of economy."

Observer

JAPAN'S MOTOR INDUSTRY, BY KEN GOODING

The lure of building cars abroad

AS REPRESENTATIVES of the Japanese and UK motor industries meet this week for an exchange of views in the sunshine of Acapulco it is difficult to judge which of the two industries is the more worried, in its own way, about the future.

The UK industry has to struggle with the problems of survival, the Japanese with the difficulties of being too successful in their major export markets, the U.S. and Europe.

Japan's two major motor groups, Toyota and Nissan, so far both remain basically national in terms of manufacturing bases yet have become multinational in terms of marketing, distribution and sales. For several years they have been under pressure to set up at least a little manufacturing capacity in those markets they have penetrated so deeply. At last, in 1980, the signs are that they are going to do something about it.

The current talks in Mexico illustrate the problems the Japanese will meet in European car markets if they persist in exporting built-up vehicles.

The British industrialists will make it clear they want the Japanese to continue to restrict themselves to a 10 per cent UK market share. Although this would be a "voluntary" move, the Japanese are well aware that both the UK Government and the Common Market Commission are taking a close interest in the outcome of the discussions.

Total sales in the UK market will almost certainly be lower this year so registrations of Japanese cars will fall in line with the market if, as expected, they continue to keep down market share.

In the other major car markets of Europe the Japanese have similar problems. Italy has an agreement made before the Treaty of Rome and so is able to restrict imports to a mere 1,000 Japanese cars each year. There is nothing formal in the French arrangement. But the Japanese have been told politely that a 3 per cent market share is all that will be tolerated.

Until very recently the Germans were congratulating themselves that they did not have to have any written or unwritten agreements with the Japanese because customers did not seem to be interested in buying Japanese cars. But that has now changed: Japanese penetration of the market is heading towards 5 per cent. This trend has been underlined by the sudden shift in preference towards cars with smaller (under 2 litres) engines throughout Europe—the sector of the market in which the Japanese concentrate nearly all their efforts.

So now even the Germans have good reason to join in the rumble of criticism aimed at the Japanese from Europe about the massive imbalance in automotive trade. Last year the Japanese sent about 650,000 cars to Europe while only 50,000 went in the other direction.

In 1978 Japan exported around \$17bn-worth of motor vehicles and parts against imports of \$1bn. Nearly half the export total, \$8bn, went to the U.S. and in return Japan bought a negligible \$200m-worth

Last year 800,000 of the 2m cars exported from Japan ended up on American roads.

No wonder there has been an outcry in the U.S. not only from the unions, which could have been expected to complain about the Japanese "taking American jobs," but also from management in the persons of both Mr. Henry Ford II and Mr. Thomas Murphy, chairman of General Motors, who said recently: "If they (the Japanese) are going to be as big a factor in the U.S. market as they have been, then I think it is high time they built plants and brought some employment opportunities here."

It is not only the undoubted efficiency of the Japanese industry or the fact that it is offering exactly the type of cars the major markets currently demand—small and economic—that has kept its exports rising.

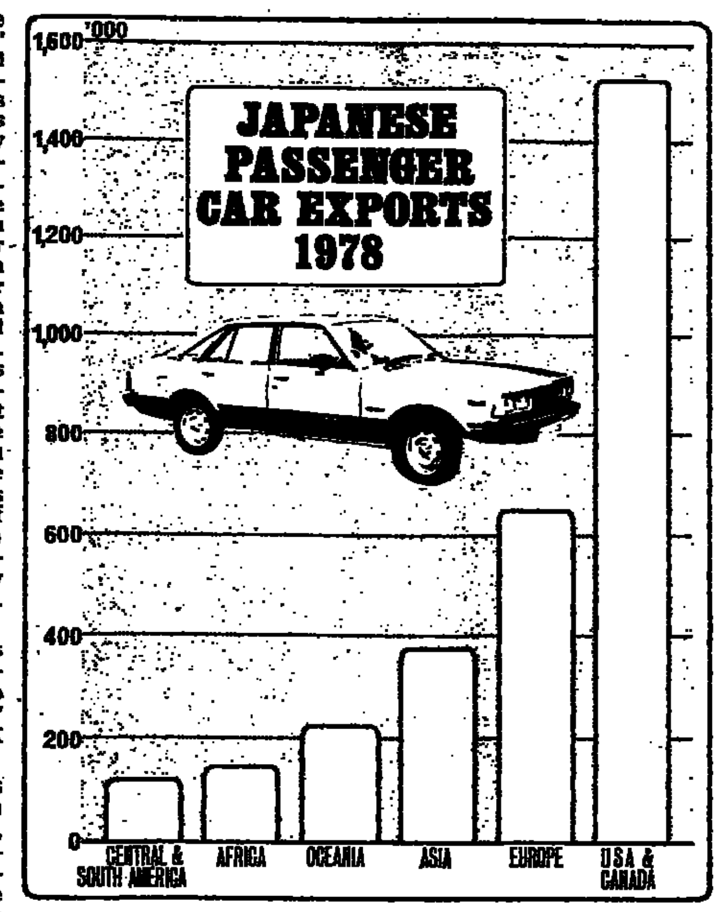
During the past year the Japanese currency has been devalued considerably; by 23 per cent against the dollar (down from Y239 to Y194) and 34 per cent against the pound (from Y532 to Y388) between the end of 1978 and December 1979. European motor manufacturers feel sure this is part of a deliberate Japanese Government policy to support exporters. The Japanese Government has a much tighter control over the country's financial institutions (partly because the Yen is not an "international" currency) and is therefore able to manipulate the value of the currency with less difficulty than the U.S. or British authorities.

"Japan is seeking to solve its problems by massive devaluation. It is buying its way into the rest of the world's markets," commented one irate UK industry executive.

Although the issue affects Japan's trading position with the rest of the world as a whole, the policy has been of particular value to car exporters because, whereas the Japanese have ventured out with overseas manufacture in industries such as electronics, car makers have stayed resolutely at home.

The Japanese car industry exploded from being a negligible part of the economy to a major element in less than a decade. New car registrations in 1966 were only 740,000. By 1973 they reached a peak 2.9m and, after a post-oil-crisis lull, have since regained that level again.

The Japanese industry benefitted from its late start because it did not hesitate to learn from others, borrowing the best technology and practices and adapting them to suit its own requirements.



It expanded on the back of a booming home market, and protected by non-tarrif barriers the industry developed the economies of scale and high productivity on which to base its export effort.

Throughout the 1970s the Japanese manufacturers carefully and systematically identified prime export targets and single-mindedly set about exploiting them. The U.S. was the main target.

In 1967 the Japanese exported fewer than 250,000 cars. This had jumped to 1.3m by 1971 and by the end of the 1970s was up to well over 3m. Toyota alone last year exported 1.37m cars and expects this to rise to over 1.5m in 1980. Nissan is not far behind.

Virtually all the production experience of their two companies is confined to Japan. Hence their ability to establish a major manufacturing presence in another environment with different traditions and outlooks can reasonably be questioned.

It was no surprise, therefore, that Honda, a johnny-come-lately in the car business even by Japanese standards, should be setting the pace overseas rather than the two giants. It already has a motor cycle assembly plant in the U.S. and while Toyota and Nissan do the rounds once again making further "studies" to see where they should set up U.S. manufacturing facilities, Honda has announced it will set up a car plant near Columbus, Ohio. Honda built its first car in Japan only in 1962 and exported the first one to the U.S. in 1970.

The decision came hard on the heels of the agreement with BL of the UK to develop jointly a car which gives Honda at least a tenuous manufacturing foothold in the Common Market and might very well lead to much bigger things.

For Toyota and Nissan one obstacle to a manufacturing base in the U.S. is that, although their exports are high in total, they are made up of several models from each group. For example, Nissan sells ten different types of car in the States so it would not be worthwhile setting up a plant for one model as Volkswagen has done with its Golf-Rabbit plant.

However, Nissan has been testing methods it plans to use in America at its plant at Zama about 50 miles from Tokyo. For production to be economic in the U.S. Nissan would have to run many models down one automated welding line with mechanical units and probably pressings being shipped from the highly-automated plants in Japan. It would have to be careful, though, because local content in the U.S. must total half by value before a car loses its "imported" tag.

In the event Nissan has chosen to try commercial vehicle assembly in the States first and has said it will set up a plant to produce 10,000 trucks a year "somewhere in the West." Trucks give fewer problems on the assembly lines than high-volume cars but Nissan was also influenced by the possibility that the U.S. authorities might insist that the Japanese pay the standard 25 per cent import duty on small trucks. Up to now the Japanese have managed to pay only the 4 per cent which applies to motor parts by the simple expedient of shipping truck cabs and chassis separately and simply bolting them together when they arrive in the States.

Undoubtedly the growing political pressure against Japanese vehicle imports into the U.S. played its part in Nissan's decision. The group intends to assemble trucks from knocked-down kits supplied from Japan and, as one American motor industry executive said: "Shipping truck kits from Japan to the middle of America just can't be an economic proposition." Nissan maintains, however, that locally made parts will be incorporated gradually as suppliers are found.

Suitable base

In Europe both Toyota and Nissan appear to see Spain as the most suitable base.

Nissan bought Massey-Ferguson's 36 per cent shareholding in Motor Iberica, Spain's second-largest truck making business, earlier this month for \$40m.

Iberica eventually could be used as the base for Nissan to make its own trucks in Europe—but that is at least a year or so away: much to the surprise of the Spaniards, Nissan has suggested Iberica could serve as a base for its car production, too.

Nissan has also been forging technological links with European manufacturers. It has been having talks with Alfa Romeo in Italy and has actually been commissioned by Citroen of France (part of the PSA Peugeot-Citroen combine) to do a study on anti-pollution measures in Japan.

Compared with this, Toyota's progress in both the U.S. and Europe seems sluggish. The inevitable "feasibility studies" are being made. In Europe Toyota has been looking mainly at Spain, although it was persuaded also to consider the UK as a manufacturing base by some component makers who see Japanese entry as one way of partially reviving the motor industry in Britain.

Thus the Common Market countries have no discernible co-ordinated policy about the so-called Japanese threat. This is something the Japanese find confusing, particularly as they have to take great care to prepare the way politically for any major venture outside Japan.

Toyota has been "courted" by every State in the U.S. apart from Alaska and Hawaii, all of them interested in the employment a major car assembly plant would provide. But some people in the industry suggest that Toyota might be biding its time to see if Chrysler survives its current crisis. If the financial collapse of Chrysler becomes inevitable, Toyota might well want to pick up some of the pieces. This course would have its attraction for Nissan, too.

The ill-health of the American group is proving to be something of an embarrassment to Mitsubishi, maker of Colt cars, because the two are still firmly linked via a 15 per cent shareholding Chrysler owns in the Japanese group. Mitsubishi would like to get on with building both market share and, possibly, manufacture in the U.S.

There is no doubt that the Japanese industry is approaching a critical phase in its development. Toyota and Nissan in particular are having to make a fundamental reappraisal of their position in the world wide industry.

Letters to the Editor

An exchange of views

From Mr. N. Stacey

Sir,—One of the more recent, recurring controversies hitting the headlines is about appointing senior retired civil servants to senior positions in business—last mentioned in your columns on January 26. As this issue is to be examined by a committee of the Commons—no less—the impression that there is something which needs searching scrutiny is difficult to avoid.

I assume that what is to be questioned by the committee is not the desirability of the employment of ex-mandarins after leaving the civil service, but whether or not their employers would gain confidential information whereby they could profit! Of course, top civil servants possess knowledge of governmental intentions but such information is a rapidly wasting asset: because government policy constantly changes, and because the ex-civil servant is unlikely to be employed in a firm where such specific knowledge would come in useful. In any case, why should it be assumed that the probity, honesty and integrity of such people would change overnight on leaving the civil service?

To my mind the pity is that there is so little interchange throughout the whole of the occupational pyramid. The core of the argument is that business is benefiting from the counsels of seasoned men with government experience — in the same way as government is currently benefiting from the experience of seasoned and successful businessmen. Why could this quite successful process not be widened by seconding civil servants in mid-career—and not at the end of it — for industrial employment?

But why stop at civil servants? University teachers in business and economics, just as much as in the other sciences, would benefit from a two or three-year stint of experience in business. They might learn about business realities, risk-taking and financial constraints not easily available from text-books or argument. And the business executive could significantly gain from a 20th century grand tour in the universities, or in government or in the institutions — thereby better understanding the "corridors of power" or academic approaches to business. Why, for instance, don't the CBI and the TUC exchange assistant secretaries to further the cause of better understanding? Surely one of the more intractable difficulties besetting contemporary Britain is the virtual separation of élites — yes, I mean élites — from each other. As a result, too many of the ablest live their occupational lives in self-imposed ghettos. The Americans have been seconding their promising officials and executives for a period of two or three years to work in industry, universities, institutions, or government. Would it be right to assume this practice to be one of the reasons why human relations in American business life are less divisive?

Nicholas A. H. Stacey.
Reform Club,
Pall Mall, S.W.1.

If inflation was reduced

From Mr. M. Williams

Sir,—Samuel Brittan rightly emphasises (January 17) the need to index-link Government debt. Like him I am inclined to suspect that failure to do so could make reduction in the rate of inflation prohibitively expensive for even the strongest-minded Government.

There is a more general reason for indexing Government debt (and, indeed, other contracts) which has received rather less publicity. This is that unindexed debt causes policy choice over the intensity of counter-inflationary policies to have massive distributional consequences. The politically destabilising impact of this is, fortunately, hidden partly since very few people (other than those whose sole source of revenue is an income fixed in nominal terms) are aware of exactly how their mixture of pension rights, property, mortgage debt, likely future tax liabilities etc. is affected by inflation and so are inclined to accept the conventional wisdom that low inflation is "good" and high inflation "bad." I wonder, however, to what extent this veil of ignorance would be penetrated once a Government started to reduce inflation and what consequences would be.

One group aware of the massive benefits that would accrue to clients from successful counter-inflationary policies are the "teenage scribblers" who work for brokers in the gilts market. They are thus likely to promote deflationary policies almost regardless of the damage to the other parts of the economy that might follow. I am not surprised that these analysts write what they do write: they have obvious interests in doing so. I am rather more surprised that what they say is treated by the media as if it came from disinterested sources.

M. C. Williams.
104a Ashley Gardens,
Thirleby Road, SW1.

Indexed bonds

From Professor P. Minford

Sir,—Samuel Brittan has suggested (January 14 and 17) a payroll regulator and a conversion of government stock into indexed bonds.

The small, self-financing regulator fund would certainly be better than the discretionary "stabilisation" policy which we experienced in recent years, since it would increase the predictability of policy. The trouble is that, being small, the fund will not "stabilise" much, and so may not be worth the administrative trouble Yet, if it is large, it risks destabilising the economy, as Mr. Brittan points out. He also admits that in our present situation the primary aim must be to reinforce the long-term programme of reducing the public sector borrowing requirement, and money supply growth; a fund set up now would just be seen as a backdoor way of undermining this. In the longer term such proposals need to be carefully considered in the design of a predictable fiscal system.

The indexed bond proposal has raised exaggerated hopes in some circles that it would somehow eliminate the public sector financing problem. This is absolutely not the case, as Mr. Brittan rightly implies when he says that it would not make tax cuts any easier. If all bonds were indexed, then the Government would have to pay real interest rates sufficiently high to induce the private sector to lend it the real resources ("the real PSBR") it required. In the present situation it pays nominal interest rates high enough for the same object: these nominal interest rates compensate for expected inflation. The only difference is that unanticipated inflation would not affect the real interest actually paid over.

Similarly, financial constraints on the nominal PSBR would be unchanged. Through nominal PSBR the authorities control the growth of the private sector's overall portfolio in money terms. This is the major determinant of growth in money supply. It is these nominal constraints that regulate the rate of inflation, regardless of whether bonds are indexed or not.

If the authorities truly intend inflation-reducing policies, then to issue long-term debt at interest rates which assume they will not succeed will raise the future debt service burden. Issuing indexed bonds avoids this, the essence of the benefit lying in the difference between the authorities' and the market's discount rates and information. Such a difference, however, would be better eliminated by Government openly declaring its intentions — a process that Ministers have begun but not yet completed.

A more substantial argument for indexed bonds is that, if investors prefer indexed to existing bonds, at an equivalent expected real cost, then it will pay governments to issue them, at a premium over other bonds. That this preference exists is not clear from the experience of private indexed bonds. But experimental issues would test preferences for government indexed bonds. Any further progress towards the full Brittan Conversion would then be determined by market choices.

Patrick Minford,
University of Liverpool,
Eleanor Rathbone Building,
PO Box 147, Liverpool.

Scale of gas charges

From Mr. C. Carter

Sir,—Both the Home Secretary and the Energy Secretary are reported to have said that the Government is considering means of assisting the poor to meet the increased cost of gas when the price is increased later this year.

Would it be impossible to do this through a scale of charges? Gas prices tend to encourage consumption but the industry seems to be in a situation where it needs to discourage consumption. Does not this make it possible to introduce a scale of charges resembling somewhat the income-tax scale—a very low rate for the first few tens of therms in a quarter, an intermediate, higher rate for the next few hundreds of therms and a higher rate still for consumption above, say 500 therms in a quarter?

C. J. Carter
7, Turner's Wood Drive,
London Road,
Chalfont St. Giles, Bucks.

Returns on resources

From the Head of Research, Management Research and Publications Unit, Birklands Management Centre, Hatfield Polytechnic

Sir,—Mr. R. A. Rayman (January 16) eloquently demolishes the purported measurement of the return on resources. Could he be persuaded equally eloquently to demolish the measurement of the resources to be returned on. Everybody surely knows, whether it is politic to admit it or not, that declarations of the resources applied to produce a given return are normally so elusive as hardly to be even a confidence trick.

The meaningful comparison for assessing management performance, as Mr. Rayman might be read to imply, is between two flows: the flow of returns, in the recent past, the present and the foreseeable future, and the flow, over a rather longer period, of new commitments of resources (which can also be negative). Both profiles are likely to be erratic and difficult to compare arithmetically, but some form of convergence or divergence may be recognisable. If there isn't any significant flow of new commitments, then all that can be compared is the current flow of returns with a past flow or somebody else's flow.

P. Gray-Lucas.
The Hatfield Polytechnic Centre for Management Studies,
330, London Road, St. Albans.

The impact of energy

From the Director, Council for the Protection of Rural England

Sir,—The nuclear industry—in the person of Peter Vey, the UK Atomic Energy Authority's head of information services (January 15)—does itself little credit in implying that the world can be divided exclusively into bodies who are "pro" and bodies who are "anti" nuclear power. We reject such facile categories.

Council for the Protection of Rural England is one of those bodies whose interests stand to be damaged drastically by policies of rapid expansion of the existing domestic energy supply industries, be they nuclear, coal, gas or any other. Our approach to energy development has always reflected anxiety about this — which is why we have pressed repeatedly for far stronger measures on energy conservation (to reduce overall primary energy demand) than Government has shown itself willing to propose.

We shall continue to draw attention to major public concerns — for public rights within the planning process as much as for the rural environment itself—arising from the present official insistence on energy supply by means of ever-larger and more intrusive technologies. We do so in respect for instance of coal-mines as much as nuclear power stations.

As to the latter, Mr. Vey himself points to the extraordinarily wide range of issues raised by this technology. As an independent organisation, CPRE has always welcomed public discussion of the matters he mentions, such as nuclear power's implications for democratic procedures, freedom of information and civil liberties. Any small additions to such debate which we have made have always been wholly consistent with our aims and objects. It is silly of Mr. Vey to imply otherwise.

Christopher Hall.
4, Hobart Place, SW1

Today's Events

GENERAL

UK: Mr. John Biffen, Chief Secretary to the Treasury, addresses political committee lunch, Carlton Club.

Mr. Cecil Parkinson, Trade Minister, meets Birmingham Chamber of Commerce to discuss exports.

Mr. Peter Rees, Treasury Minister, speaks at Surbiton.

TUC Labour Party liaison committee meets.

First meeting of management-union working party at Meccano, Liverpool, to find new buyer for the plant.

Microsystems '80 Exhibition and Conference opens, Wembley Conference Centre.

Overseas: Philippines' first local elections for nine years.

PARLIAMENTARY BUSINESS

House of Commons: National Heritage Bill. Motions on Provisions of Milk and Meals (Amdn.) (No. 2) Regs. and Milk and Meals (Education) (Scotland) Regs.

House of Lords: Debate on price increases for gas and electricity. Short debate on policy to abolish restrictive practices in distribution and sale of reading lenses and spectacle frames.

Select Committees: Foreign Affairs. Subject: FCO organisation. Witnesses: Foreign Office. Room 15, 10.30 am. Industry and Trade. Witnesses: Sir William Barlow, chairman of Post Office. Room 16, 10.45 am. Public accounts. Subject: Stock-taking procedures at MOD depots. Witnesses: Ministry of Defence. Room 16, 4 pm. Energy. Subject: New nuclear power programme. Witnesses: David Howell, Energy Sec. Room 8, 4.30 pm. Social Services. Subject: Perinatal and neonatal mortality. Witnesses: Medical Research Council, Prof. K. Cross, Prof. E. Symonds. Room 6, 4.30 pm.

COMPANY MEETINGS

M. J. Gleeson, Haredon House, London Road, North Cheam, Surrey, 12. Redman Heenan, Connaught Rooms, Great Queen Street, WC, 12. Reliable Properties, Winchester House, Old Broad Street, EC, 12.

COMPANY RESULTS

Final dividends: Allied Textile Companies. Bank Leumi (UK). F. Pratt. The Throgmorton Trust. Interim dividends: Associated Dairies Group. B.A.T. Industries. Daejan Holdings. Manson Finance Trust. Stewart Plastics. Syltone.

Reed Intnl. up to £80m at nine month stage

AFTER reduced interest charges, profits before tax of **Reed International** for the third quarter of 1979-80 increased from £23m to £29.9m giving a total for the nine months ended December 31, 1979, of £80m compared with £63.1m in the same period last year.

Operating profit in the third quarter of £32.8m (£30.7m) comprises a maintained contribution *of £22.5m (£22.6m) from the UK* and an improvement to £10.3m (£8.1m) from overseas.

	Nine months 1979 £m	1978 £m
Sales	1,113.1	1,228.9
UK and Exports	819.7	717.6
Overseas	293.4	511.3
Trading profit	87.5	82.8
Assoc. profits	2.3	4.3
Operating profit	89.8	87.1
UK	60.9	57.7
Overseas	28.9	29.4
Interest	9.8	24.0
Profit before tax	80.0	63.1
UK tax	20.9	19.3
Overseas tax	7.7	12.4
Net profit	51.4	31.4
Minorities	0.9	3.3
Attributable	50.5	28.1

Stated earnings per share for the nine months are 45.1p (25p) *following* 15.9p (9.4p) at the end of the third quarter. For the year ended March 31, 1979, earnings per share were 38p when pre-tax profits were £83.4m (£81m).

In *1979, the overseas results* are consolidated on a co-terminal basis for the nine months to December 31, 1979. In the comparative figures for the previous year, results were for the nine months to September 30, 1978.

Overseas results for January to March, 1979, are not reported at present but will be included with the results for 1979-80. Sales to March last year totalled *£94m and attributable profit* was £4m.

SSAP15 has been adopted and 1978 figures have been restated.

See Lex

HIGHLIGHTS

The Lex column looks at a new survey that highlights the growing debate over the future structure of the stock market in the light of the reference to the coming action against the Stock Exchange in the restrictive practices court. In Germany Hoechst has made a rights issue and raised its dividend. Meanwhile good third-quarter figures have been released by **Reed International**. On the inside pages figures *from* **Trident TV** *show* the impact of the technicians' strike and lower profits are also reported by **Prestige, Henderson-Kenton and Rosgill**. But **IDC and Christie-Tyler** managed to show higher profits. There is also news of a new water issue due to be published tomorrow.

IDC boosted by tax write-back: pays 11.5p and proposes scrip

INCLUDING a substantial write-back *of stock relief*, net profits *of* **IDC Group**, industrial and commercial building constructor, jumped from £564,749 to £3.36m in the year to October 31, 1979.

The dividend is lifted from 10p to 11.5p net with a final of 8.75p, *and the directors are proposing a three-for-two* scrip issue.

A transfer of over £2.8m has been made to the profit and loss account in line with Finance *Act 1979 provisions which* determined that tax on stock relief received in 1973 and 1974 would not become payable.

The current year has started *well, state the directors, with an* excellent order book and a high level of serious enquiries and, should the economy strengthen, the group will be able to take full advantage. They point out, though, that high interest rates and labour unrest, coupled with events in the Middle East, make the future difficult to forecast.

Turnover rose from £35.58m to £44.45m in the year, and the surplus includes a net tax credit of £2.11m (£559,705 charge). *Earnings per 20p share are* shown as 150.4p (25.4p) or, fully diluted, 124.3p (20.9p). Excluding the written-back stock relief, earnings are 23.7p or, diluted, 19.6p.

The dividend absorbs £191,[illegible] (£139,651)—payments totalling £66,487 have been waived by the chairman and his family.

An independent valuation of freehold and long leasehold properties has resulted in a surplus over book value of approximately *£2.9m, which is transferred to* reserves.

● comment

IDC has suddenly pulled some carefully concealed plums out of the bag. Clawback provisions on past stock relief lift the unappropriated surplus from the *1978 level of* £425,000 to £3.2m and an asset revaluation—of which around a third relates to investment properties—produces a £2.9m transfer to capital reserve. Their combined effect *is to boost net worth to over* £9m or around 333p per share on the pre-scrip capital. Small wonder the shares climbed 22p to 160p per share (although the presentation of tax relief initially foxed the market yesterday) even if *pre-tax profits were* confined to a mere £130,000 rise to £1.25m. And there are good reasons, too, for believing that the price is well supported on *trading grounds*. Stripping out the benefit of the tax windfall, *the fully diluted historic p/e is* an undemanding 7.7 and the yield a tolerably attractive 10.9 *per cent. More importantly*, the order level implies a 14 per cent rise in the real value of turnover this year over and above any inflationary pull and, thereafter, the number of feasibility studies currently on hand is higher than ever before. The tax charge will again be subnormal as the stock relief provision rolls forward a year and the non-UK workload is expected to rise to around 30 per cent of the total. The only caveat must be the tight market in the shares.

Expansion for Atlantic Computer

With turnover showing a substantial increase from £11.48m to £16.94m., **Atlantic Computer Holdings** reports net profits *moving ahead from £1.05m to* £1.16m during 1979.

Mr. V. J. E. Davies, the chairman, says the increased turnover was due primarily to higher sales of second-user 370 systems, and profits rose despite strong competition in an active market and exceptional costs arising out of new office facilities.

The company had a backlog of orders for over £4m at December 31, 1979, and the forecast for 1980 is one of further expansion and diversification internationally.

Net assets improved from £2.58m to £3.59m, as at December 31.

Utd. Spring in good financial position

The sound financial state of **United Spring and Steel Group** will serve it well in today's high-cost money market, says the chairman, Mr. David Westwood, in his annual report. But although bank borrowings at £280,000 (£319,000), are more than covered by the bank and cash balance of £558,000 (£604,000), he points out that the group's capital expenditure programme will require a degree of borrowing in the future.

Of the record pre-tax profit of £1.48m (£1.27m) reported on December 12, 1979, the contribution from steel stockholding and processing activities fell £22,000 *to £671,000 under the impact of* the engineering strike. However, the effects of the dispute were to some extent offset by better trading conditions.

Results of the springs division, where profits rose from £573,000 to £806,000, are described by Mr. Westwood as very satisfactory, *although the performance of the* Dutch companies continued to be disappointing.

The failure of the Gillsan Company, the group's most recent *acquisition, to achieve its* budgeted profit level was due to a substantial reduction in second-half orders from its largest customer. However, efforts to fill the available capacity are meeting with some success.

The manufacturing assets of Dienst were purchased to provide an internal facility for the group's engineering requirements. But it has become apparent that the company has an existing potential market and it will therefore be developed both as a group engineering service and as a company marketing its own products.

Golds Hill Steel Stockholders, a *small steel* merchanting business, was no longer compatible with the other activities of the group, and has been sold to its original owner.

Net current assets of the group rose from £3.16m to £3.89m, and there was an increase in working capital of £859,000 (£1.06m).

On a current cost basis, pre-tax profits are reduced to £1.02m, although the chairman notes that the dividend retains an adequate degree of cover.

Meeting, Birmingham Chamber of Commerce and Industry, February 14 at noon.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Christie-Tyler ......int.	2	Apr. 6	1.8	—	6.5
Glass Glover	1.43	Apr. 1	1.11	1.85	1.37
Henderson-Kenton ‡int.	1.25	—	1	—	3
IDC Group	8.75	—	7.6	11.5	10
Prestige	4.38	Apr. 8	3.74	6.88	6.24
Rosgill ...... int.	0.75	—	0.75	—	2.31
Throgmorton Tst.	3.3	Mar. 26	2.88	5.55	4.88
Trident TV	2.38	Apr. 3	2.23	3.48	3.16
Vantage Securities	0.65	Mar. 26	0.45	0.9	0.65
A. J. Worthington ‡int.	0.41	Mar. 31	0.34	—	0.89

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ To reduce disparity.

Prestige down after strikes

The engineering dispute and exchange losses affected the **Prestige Group** during the second half of 1979 and pre-tax profits at the year-end were down from £6.85m to £5.86m despite a sales rise from £59.52m to £62.25m.

First half profits were down from £2.72m to £2.42m, both sales and profit having been affected by the transport strike and industrial action at three factories in Lancashire during March.

Stated *earnings per share for* the year are 18.92p against 20.82p but a final of 4.375p is recommended lifting the total from 6.236p to 6.875p.

Exchange losses amounted to £308,689 compared with a £129,708 surplus in 1978.

The consolidated balance sheet at December 31, 1979, continued to show a strong position, although cash and short-term deposits (net of foreign bank loans and overdrafts) showed a *reduction to £2.76m (£3.56m)*. This decrease in liquidity reflects the repayment of foreign currency loans of £1.2m.

Fixed assets at cost, less depreciation, amounted to £9.5m. Expenditure on fixed assets during the year amounted to £1.87m (£2.01m). Current assets totalled £27.14m, of which stock amounted to £13.6m (£11.94m) and debtors to £10.55m (£9.64m).

During 1979 the outstanding 26,690 preference shares were redemmed at 105p per share, in accordance with the terms of the issue.

The group which *is one of the* largest housewares manufacturer *in the world, outside the U.S.*, is controlled by American Home Products Corp.

	Year 1979 £	1978 £
External sales	62,250,044	59,515,298
Trading profit	5,944,209	7,064,365
Deposits income	413,263	253,115
Interest payable	496,523	467,851
Profit before tax	5,860,949	6,849,629
Corporate taxation	2,428,859	3,046,690
Net profit	3,432,090	3,802,939
To capital reserve	—	*26,024
Pref dividends	467	934
Leaving	3,431,623	3,773,981
Extraord. credit†	278,000	‡84,000
Available for ord.	3,709,623	3,689,981
Ord. dividends	1,247,100	1,130,439
Forward	2,462,522	2,559,542

* For redemption of preference shares. † From sale of land and buildings in Germany. ‡ Debit.

● comment

After the multiplicity of strikes last year, both internal and national, there were very few months in which Prestige could claim to have produced normal figures. Add the adverse impact of adverse exchange rates and it is hardly surprising that a long, if rather stolid, growth record has been broken. Before the surplus on West German disposals, pre-tax profits for the year fell by 14.4 per cent and margins slipped by over two points. The shares climbed 5p to 148p in an admittedly thin market for a fully taxed historic p/e of 7.8 and a yield of 8.8 per cent. *The only* argument for a further advance rests on the group's proven ability to make steady progress (given reasonably stable indus*trial relations) and a strong bal*ance sheet.

Greenall reduces borrowings

While viewing the immediate future with caution, Mr. Christopher Hatton, chairman of **Greenall Whitley and Co.**, the brewer, bottler and distiller, says the company, with its sound resources, will have great opportunities to pursue in the years to come.

In the 12 months to September 28, 1979, as reported on December 20, pre-tax profits advanced from £11.54m to £16.07m.

The good result meant that the cash position of the company has been greatly improved, with a reduction in borrowings of £6.3m during the year.

Since the end of the year a £5m medium term loan has been repaid early, this being considered prudent by the board, taking into account not only current high interest rates but also the company's present cash flow.

A sample internal revaluation of properties has been undertaken and shows a substantial surplus over book values. During the current year a complete re*valuation will take place and the* surplus will be shown in next year's balance sheet.

On a current cost basis, pre-tax profit is shown at £14.28m, after adjustment for depreciation £2.28m, cost of sales £0.87m, monetary working capital £0.35m and gearing £1.01m.

Meeting, Daresbury, on February 21, at noon.

Birmingham & Midland to make offer for Wardle

Birmingham and Midland Counties Trust, controlled by Mr. Graham Ferguson Lacey, intends to make a 33p a share cash bid *for Bernard Wardle*, the vinyl fabric and motor component company of which it already owns a fraction under 30 per cent.

The terms value Wardle at nearly £6m, but Mr. Ferguson Lacey wants to keep his eventual stake at 50 per cent or so and maintain its Stock Exchange list*ing. Depending on the level of* acceptances, therefore, Birmingham and Midland will arrange for the market placing of any shares it does not wish to keep.

Wardle's share price moved up by 5½p yesterday to close at 34p on news of the offer. No immediate comment was available from the company's board, which has still to consult its advisers, S. G. Warburg.

Birmingham and Midland began accumulating shares in *Wardle in November, 1978*, when it bought 10 per cent. It added to this in subsequent months, acquiring 27 per cent by July of last year at an average price of 21p.

The holding moved up to 29.99 per cent last October. Under the Takeover Code, this is the maximum stake a company may own without making a full bid. When making his first purchase, Mr. Ferguson Lacey said he did not plan to go over 25 per cent.

Arbuthnot Latham will be making the offer on behalf of Birmingham and Midland, which has a 14 per cent stake in the merchant bank.

Yearlings rise ¼%

The coupon rate on this week's batch of local authority yearlig bonds rose from 15¼ per cent to 15½ per cent. Issued at par, the stocks mature on February 4, 1981.

The issues are: Bromsgrove DC (£0.5m), Newport Borough Council (£1m), Preston Borough Council (£1m), Oxford City *Council (£1m), The Receiver for* the Metropolitan Police District (£0.5m), Sefton Metropolitan Borough Council (£1.5m), Tendring DC (£0.5m), London Borough of Tower Hamlets (£1m), London Borough of Hammersmith and Fulham (£1m), Highland Regional Council (£1m), London Borough of *Hillingdon* (£0.5m), Borough of Scarborough (£0.5m), London Borough of Sutton (£0.5m), Wansbeck DC (£150,000), Vale of White Horse DC (£0.75m), Wellingborough DC (£0.25m), North Wiltshire DC (£0.75m), Borough of High Peak (£0.5m), and London Borough of Havering (£1m).

In addition, the City of Coventry has issued £0.5m at 15¾ per cent, maturing January 27, 1982 and Fenland DC has raised £0.5m through the issue of £15¾ per cent bonds maturing January 26, 1983.

Second half fall leaves Trident TV at £7.5m

A SECOND half fall from £4.23m to £2.69m has left **Trident Television** with taxable profits £1.51m behind at £7.51m for the year ended September 30, 1979, on turnover down *slightly from* £65.36m to £64.46m.

Profits were struck after Exchequer levy of £7.72m against £11.83m.

Mr. Ward Thomas, the chairman, says it has been a most difficult year, culminating in the national stoppage which lasted 11 weeks.

Advertising has been strong since the strike last year—the stoppage caused a loss of £13m in advertising revenue and *£750,000 on uncompleted* programme expenditure—and by the 1979-80 half-year stage Trident will "probably be close to achieving its original revenue budget," he states.

Stringent controls are necessary to keep down ever increasing costs while producing top quality programmes and, provided these costs are controlled, Mr. Thomas states that results for the current year will "show a marked improvement."

	1978-79 £000	1977-78 £000
Turnover	64,458	65,356
Profit before tax*	7,514	9,015
TV contracting	5,173	7,091
Other operations†	2,341	1,924
Tax	4,228	4,648
Profit after tax	3,286	4,367
Extraord. debit	516	‡906
Minority interests	22	—
Attributable	2,782	5,273
Interim	536	456
Proposed final	1,164	1,089

* After Exchequer levy £7.72m (£11.83m). † Including interest earned. ‡ Credit.

The IBA having invited applications for contracts to run from January 1, 1982, the company will lodge its re-applications for the Yorkshire and Tyne Tees regions, "with absolute confidence."

Earnings per 10p share are shown as 5.7p *(10.8p) and the* dividend total is 3.475p (3.159p) net with a final payment of 2.38p. Net assets are given as 50.9p *(46.8p)*.

The company's development in the U.S. moved forward with the formation of Trident Television Associates for the acquisition and distributing of film programmes to U.S. television stations, and throughout the world. The company should move into profit in 1981, the chairman says.

Watts and Corry continued its satisfactory progress, as did the Leisure Park group, and Scarborough exceeded its profit *target* despite poor summer weather.

Mr. Thomas says a new broadcasting Bill, which will be presented to Parliament shortly, *is expected to include provision* for a further television channel, to be administered by the IBA.

"It seems possible that the programme companies will have to provide all the finance and many of the programmes, but have little say in the way it operates; however, judgment must be withheld until the Bill has been presented, and debated by Parliament," he states.

● comment

The technician's strike clipped around £2m off Trident's contracting profits. No surprise in that, and after the £1½m slide in full year profitability, all eyes are on the anticipated recovery in 1980. After the strike advertising revenue was particularly buoyant as the clamour to buy virtually did away with the usual discounts, and even now advertising remains surprisingly strong with Trident about to implement a 25 per cent rate card increase. Non-contracting operations provided a useful increase, largely thanks to a jump in interest recoverable, though the actual cash position deteriorated to around £7m at the year end as Trident invested £1.3m in property—since disposed of at a profit. Problems at Windsor *Safari* Park at last seem to have been overcome and that operation just about washed its face though better things are promised in 1980. Overall this year should see *profits top £9m* but it is obviously going to be a year of agony for the contractors as applications for the IBA franchises come up for renewal. The network companies are widely expected to hold onto their franchises but there will no doubt be caution *in the market*. At 53p the yield of 9.8 per cent and p/e of 7.3 (excluding exceptionals) is fair enough.

Loss by Five Oaks Invest.

LOSSES OF £73,997 have been incurred by **Five Oaks Investments**, property and housebuilding company, for 1979 against a £347 profit in the previous year. Turnover was lower at £484,333 against £729,858.

Tax takes £52,090 (£6,069 credit) and loss per share is 3.22p compared with 0.04p previously. Extraordinary debits total £11,440 (£58,458 credit).

The company's preference dividend payments have been in arrears since 1966.

Westland warns of further lost orders following AOI collapse

REFERRING to the break-up of the Arab Organisation for Industrialisation as a major dis*appointment*, Lord Aldington, the chairman of **Westland Aircraft**, says no money will be lost on the group's initial contracts with the AOI and with the Arab *British Helicopter Company in* Egypt, but adds that there is a risk that further orders will be lost. These will be difficult to replace, and this may affect activity levels in 1981 and 1982, he tells members in his annual statement.

The chairman expresses hope *that in due course some part*, if not the whole, of the originally projected order plan for 250 Lynx helicopters will be restored.

He adds that the group, with Government support, is discussing the considerable problem of the future, including compensation, with its former partners.

As reported January 10, pre-tax profits for the year ended September 30, 1979, were £15.27m, after debiting £750,000 *on an out of court settlement* following the Vickers law suit. Previously, a deficit of £2.86m was incurred, but this was after providing £16.16m for losses and loss provisions on Lynxes and Super 4 hovercraft. The dividend is boosted from 1p to 4p net per share.

Of total turnover on helicopters of £144m, some £43m was in respect of contracts for which *provisions had been made and* which therefore contributed no profit. The profit of £9m on helicopter work was below expectations because of delays in deliveries and productivity shortfalls. No profit was taken on work done under the contract with Arab British Helicopters.

No further provisions are considered necessary for the first Ministry of Defence Lynx contract. This contract will be completed in March, and the directors hope to be in a position by this time next year, after a thorough review, to bring back something out of the heavy provisions made in earlier years.

No profit was taken on the delivery of the second Super 4 hovercraft, which was covered by substantial provisions made in the previous year. The warranty on this expires in May and the chairman says the group will then know for certain the total costs of completing this expensive contract and it is then expected to bring back over £500,000 from provisions made.

The second Super 4 was delivered on time in early May and Lord Aldington says both performed excellently throughout the rest of the year. The directors estimate that the Super 4's have substantial advantages over the previous unstretched SRN 4 Mk. 2. *Work is proceeding* to plan on the new orders for SRN 6's secured early in the year from two Middle East countries.

During the year, Westland had successes in the helicopter market. New orders were received from the Royal Navy and the Federal German Navy and negotiations are at an advanced stage with two overseas customers. In addition, spares orders were good.

Work on developing the WG 30, a *transport version* of the Lynx, has continued on course and this had received interest from many parts of the world.

The next stage in the Sea King replacement project is to cement relationships with the group's Italian partner, the Agusta Company, and to secure a united management effort, the chairman adds.

Group expenditure in 1978-79 on research and development was over £27m, more than £7m higher than last time. *Of this, £22.5m* was funded by research contracts, £1m was recovered on other contracts and £3.7m was written off as private venture expenditure, more than half of which was related to the WG 30.

Meeting, Hyde Park Hotel, SW, February 21, noon.

Good year for Abbey Property

Abbey Life Assurance Company reports another successful year for its **Abbey Property Fund** for the period ending *October 22, 1979*.

The fund rose by £81m over the period to £365m, and the unit price improved by 20.7 per cent. Income from property holdings improved from £12.4m to £15.5m and interest on short term deposits nearly doubled to £6.8m (£3.9m). Total distributable income was nearly 50 per cent higher at £11.35m, against £7.8m.

The fund, the largest of its kind, acquired some 17 new properties during the year involving a total commitment of £17.6m. In addition, terms have been agreed for the purchase of a further six properties involving a commitment of £3.26m.

The fund managers also took advantage of the strong investment market to dispose of 16 properties where it was felt that future performance was likely to be limited, or would alter the balance of the portfolio. This raised £9.6m, some £3.5m in excess of the aggregate book value.

At the end of the year, just over half the property portfolio was held in offices, with a quarter in industrial, 16 per cent in shops and 8 per cent in agriculture. The liquidity of the fund rose during the year, and amounted to 14.7 per cent of the fund value at the end of the period.

The fund managers pointed out that the demand for prime commercial, industrial and agricultural properties exceeded the supply and that investment yields were close to historically low levels.

They believed that it was *correct to adopt a cautious* policy in view of the generally uncertain economic future.

The fund is well placed to take advantage of special investment opportunities which may arise, particularly if yield rates do drift upwards in certain property sectors.

SPAIN

January 29	Price %	+or—
Banco Bilbao	209	
Banco Central	224	−2
Banco Exterior	211	
Banco Hispano	210	
Banco Ind. Cat.	135	
Banco Madrid	175	
Banco Santander	244	−2
Banco Urquijo	157	−3
Banco Vizcaya	215	
Banco Zaragoza	200	
Dragados	102	+1
Espanola Zinc	61	+1
Fecsa	56.7	
Gal. Preciados	36	
Hidrola	62.7	+0.2
Iberduero	61	−1
Petroleos	116	+1
Petroliber	73	
Sogefisa	115	
Telefonica	56.5	
Union Elect.	66.2	+3.5

HAMBRO PROVIDENT RESIGNS FROM LOA

Hambro Provident Assurance has announced its resignation, as from last Monday, from The Life Offices' Association.

The company now reinsures all its business with its parent company **Hambro Life Assurance**, which is also a member of the LOA.

In these circumstances it was felt that separate membership was no *longer appropriate*. Hambro Provident will continue to adhere to the LOA premium-related commissions structure for commissions paid to inter*mediaries*.

The company is a leader in the home income plan market.

Henderson-Kenton down to £437,000 at midway

A DOWNTURN in taxable profits from £607,000 to £437,000 is reported by Henderson-Kenton, the retail furnishing group, for the six months to September 30, 1979, on increased turnover of £13.3m against £12.1m.

The directors state that although full year results will not match the 1978-79 record profits of £2.07m, they remain confident that the company's performance will do it credit in the present adverse conditions.

Group margins are back on course after a temporary reduction caused by a policy decision to extend to customers the benefits of placing orders at the pre-increase rate of VAT.

January sales are excellent, but the directors say it is not yet possible to forecast the volume of trade for the remainder of the year.

Half-yearly earnings per 20p share are stated lower at 3.1p (3.7p), while to reduce disparity the interim dividend is raised from 1p to 1.25p net. Last year's final was 2p, and the directors say that the 1979-80 payment will be determined in the light of the year-end results.

Tax for the six months took £175,000 (£300,000) giving net profits down from £307,000 to £262,000. Preference and ordinary dividends absorbed £64,000 (£77,000) and £80,000 (£64,000) respectively.

The group recently commenced trading in Birkenhead, Ashington and Milton Keynes, while additional outlets have been acquired and are planned to open during the year. Further opportunities are being actively pursued.

At the half year, net current assets stood at £8.36m (£8.56m at year-end) and shareholders' equity had increased from £6.14m to £6.32m.

● comment

Compared with the 55 per cent downturn at Cantors, Henderson-Kenton's half-time profits fall of 28 per cent suggests a certain resilience to difficult market conditions, but the stock market was unimpressed and the shares tumbled 17p to 98p. While the results do not match the optimism expressed at the annual meeting, the judgment looks a trifle harsh given that margins have improved and the company, which is expanding its retail outlets, has a sound balance sheet. Clearly, though, the market is not expecting the current second half recovery to be more than a short-term phenomenon. For the year profits may be no more than £1.6m, a downturn of 23 per cent, which suggests a fully-taxed p/e of 9.8 and, if the dividend is raised a tenth, a yield of 4.8 per cent.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims—Associated Dairies, B.A.T. Industries, Daejen Holdings, Manson Finance, Stewart Plastics, Syltone.

Finals—Allied Textile, Bank Leumi (UK), F. Pratt Engineering, Throgmorton Trust.

FUTURE DATES

Interims—
Ashley Industrial Trust .... †Feb. 4
Warren Plantations .... Jan. 31

Finals—
Carrington Viyella .... Feb. 20
Ruo Estates .... Jan. 31

† Amended.

Porvair's 13-month setback

NET PROFIT of Porvair, manufacturer of microporous synthetic materials, plunged by over 60 per cent to £180,000 in the 13 months to November 30, 1979. The previous accounting period was one of 10 months when net profits were £465,000.

Turnover for 13 months was £6.3m against £4.8m. There is no tax charge and stated earnings per 25p share are shown as 1p against 2.6p. No dividends have yet been paid. Porvair is a subsidiary of Inmont (UK), the ultimate holding company being Carrier Corporation of the U.S.

Rosgill profit margins fall

A REDUCTION in profit margins at Rosgill Holdings meant that although the clothing distribution group increased turnover by 25 per cent from £12.21m to £15.3m for the 28 weeks to December 8, 1979, pre-tax profits were down by £237,000 to £483,000.

The introduction of the higher VAT rate had an adverse effect on sales and the increase achieved was at the expense of profit margins as trading conditions generally worsened.

Turnover for the year is expected to be ahead of the previous year's £22.87m, but the directors do not anticipate any improvement in margins.

For the year ended May 26, 1979, taxable profits jumped from £315,000 to £1.13m.

The company is in dispute with the Commissioners of Customs and Excise over the valuation, for VAT purposes, of garments provided to party hostesses.

Rosgill's appeal was upheld by the VAT tribunal, but the Commissioners intend to appeal against this decision. Pending judgment, provision for the full amount of £97,000 has been made in the accounts.

The interim dividend is held at 0.75p net per 5p share—the total last time was 2.31p.

	—28 weeks— 1979-80 £000	1978-79 £000
Turnover	15,299	12,209
Trading profit	528	739
Interest charges	45	19
Profit before tax	483	720
Tax	31	124
Net profit	452	596
Dividend	72	72
Retained	380	524

● comment

The news from Rosgill is disappointing. Pre-tax profits have fallen by a third at the half-way stage and there is little hope that profits will come anywhere near last year's £1.1m. The group, which is based on the sale of clothing through parties à la Tupperware, has had a chequered profits history. At this juncture, the profits drop can be explained by the dampening effect of the VAT hike on sales despite higher turnover. In addition, the group has made a £97,000 provision for possible VAT charges which are still being disputed. For the year, profits of £700,000 pre-tax may be possible, suggesting a fully taxed p/e of 6. The interim dividend has been held and a maintained final points to a prospective yield of 15.5 per cent at 22p, down 6p.

Grimshawe 13% higher at halfway

PRE-TAX profits of Grimshawe Holdings increased 13.6 per cent from £104,340 to £118,588 in the six months to October 31, 1979. Turnover of this industrial group with strong interests in the DIY market and protective surface coatings, was 49 per cent higher at £2.93m against £1.97m.

Mr. Thomas Kenny, the chairman, says in his report that the group continues to progress, but the figures for the first half are not strictly comparable to those of the previous year. He points out that the acquisition of Aspex was completed in August, 1978 and its results are only included in the group figures from that date; and the absence of rental income and the reduction of interest costs (from £61,247 to £33,496) reflect the revised arrangements with the Midland Bank.

No tax is deducted as there are still substantial tax losses available to set against future profits.

Mr. Kenny recalls that at an extraordinary general meeting on January 23, 1980, shareholders approved the acquisition of Cindy for an issue of 777,538 ordinary shares. The share capital is thus increased by £155,507 and the share premium account by £394,493.

Cindy's pre-tax profits for the nine months to September 30, 1979 were £89,000. No amount for Cindy is included in Grimshawe's half-year figures.

Brooke Tool optimistic of further improvement

STRIKING A confident keynote in his annual statement, Mr. D. M. Saunders, chairman of Brooke Tool Engineering (Holdings), says increases in output budgeted by subsidiaries for the current year can be achieved despite worsening economic conditions. This confidence is witnessed by the £1.25m spent last year on acquisitions and the internal capital expenditure programme, and the £0.5m earmarked to upgrade and replace plant and machinery in the coming year.

As reported on January 16, pre-tax profits for the year to September 30, 1979 improved from £325,000 to £495,000 on turnover ahead from £5.7m to £6.44m. Mr. Saunders describes the improvement of trading margins from 7.3 per cent to 8.7 per cent of adjusted sales as "the most encouraging figure highlighted by the accounts."

During the year the group expanded its specialist cutting tool interest by the acquisition of Marsh Brothers Tools and Strongs British Precision Tools. Also, in July, certain assets of Broadbent Machine Tools were acquired, thus increasing the group's interests in the manufacture of machine tools for highly specialised applications. Broadbent maufactures hollow spindle lathes used by the off-shore oil industry for equipment servicing.

In May a fire destroyed the main machine shop and assembly areas at the Boxford Machine Tools subsidiary. All plant and buildings were insured on a reinstatement basis, and consequently the group was able to re-equip Boxford with all the necessary facilities. However, in order to provide additional capacity for further expansion of the company, the directors have recently authorised the building of a larger production area than existed before the fire. This will cost some £300,000 more than the proceeds of the insurance claim.

Full insurance cover was in force to cover the costs incurred and contribution lost as a result of the fire. The effects of the fire during the five months from May have been assessed, and an appropriate amount has been credited to the profit and loss account.

The insured value of plant lost showed a surplus over book value of £596,000 and this has been treated as an extraordinary credit. No adjustment has been made in respect of land and buildings, as the programme of reconstruction is not yet completed. The directors intend to revalue the new premises during 1980 and to reflect the result of that valuation in next year's accounts.

The chairman reports that in recent months the Fred Whiteley subsidiary has been winning orders from new customers as well as increasing the amount of business scheduled from existing customers. With further improvements in efficiency, the company should show a considerable increase in profits during the current year, he states.

Following the acquisition of Strongs British Precision Tools, its manufacturing activities have been amalgamated with those of Beever Tools. The combined companies are now in a strong position to improve profits considerably during the next 12 months.

As a result of the losses previously incurred by the group, coupled with the effect of the re-equipment programme, there are substantial tax losses available to set against future profits. It is unlikely that any tax liability, other than ACT associated with dividends, will be payable for some years.

At January 4, 1980 Charter Consolidated held 21.48 per cent of the company, ITC Pension Trust 12.02 per cent, NCB Pension Fund 10.52 per cent, and Prudential Assurance Company 7.14 per cent.

The AGM will be held at the Great Eastern Hotel, EC, on February 21 at 2.30 pm.

Glass Glover makes over £0.5m

AS forecast, profits of Glass Glover Group, food concern, have exceeded £500,000 for the first time.

For the year ended September 30, 1979, the taxable surplus expanded from £480,740 to £533,461, on turnover up from £24.73m to £30.43m.

And in the light of current trading the directors are confident that first half profits for 1979-80 will at least equal the £174,223 (£132,170) for last year.

Earnings per 5p share are shown as 4.385p (3.8131p) and the dividend for the year is increased to 1.85p (1.3719p) net with a final of 1.4335p.

	1978-79 £	1977-78 £
Turnover	30,430,377	24,731,643
Trading profit	539,500	472,416
Less o'draft, loan interest†	6,039	8,324
Profit before tax	533,461	480,740
Tax	286,944	266,252
Net profit	246,517	214,488
Property surplus	746,270	—
To reserves	746,270	—
Dividends	104,063	77,172
Retained	142,454	137,316

† Less interest on deposits.

There was a surplus of £746,270 arising from a property revaluation, which has been transferred to capital reserves.

The directors say the group is investing in additional warehousing and pre-packaging facilities in Scotland and in Kent, to cope with the demands of the continuing increase in its volume of trade.

The company remains very liquid, they add, only needing recourse to its substantial bank borrowing facilities at peak trading times in the summer months.

Rickmansworth £3m issue

Brokers Seymour, Pierce and Co. have completedu nderwriting arrangements for an offer for sale by tender for Rickmansworth and Uxbridge Valley Water Co.

The company is raising £3m through 9 per cent Redeemable Prefrence Stock redeemable at par on February 28, 1985. The minimum price is £98 per cent where th yields are 13.11 per cent flat and 13.42 per cent to redemption.

The prospectus will be published tomorrow.

60% boost for Rothman's (Malaysia)

A near 60 per cent increase in profits to 9.39m ringgits is reported by Rothman's of Pall Mall (Malaysia) for the six months to December 31, 1979. Group turnover showed a 45 per cent improvement to 165m ringgits.

The results reflect the benefits arising from the installation of additional capacity at its factory, and the group also attributes higher sales to the boycott by the Chinese last year of Rothman's main rival, Malaysian Tobacco Company.

Profits for the second half are expected to achieve a satisfactory level.

Rothman's of Pall Mall (Malaysia) is 50 per cent owned by Rothman's International of the UK. The remainder of the issued shares are publicly traded.

Christie-Tyler improves midway but expects full-year downturn

IN LINE with the directors' expectations, pre-tax profits of Christie-Tyler, furniture and upholstery maker, were a little better in the six months to October 31, 1979, rising £90,000 to £1.62m.

But they now forecast that results for the full 12 months will be well below those of last year, when taxable profits rose from £1.82m to £4.22m.

Trading conditions since the increase in VAT have been difficult, they state, and the autumn, which normally shows a marked upturn in sales, was quieter than anticipated.

In the longer term, however, the group is in a strong position to take quick advantage of any improvement in the market, they conclude.

Turnover for the six months rose from £29.74m to £34.96m, and tax takes £837,000 (£790,000). Earnings per 10p share are up from a stated 7.6p to 8p.

The interim dividend is increased from 1.8p to 2p—last year's final was 4.7p.

● comment

Although Christie-Tyler's first half results are in line with market expectations, the shares dropped 5p to 68p on the strength of the bearish statement. C-T has a shorter order book than most other furniture manufacturing companies and this means that movements in demand—in this case a downturn—show up very quickly. In addition, the company is operating at the cheaper, and therefore more volatile, end of the market. Given the experience of the retailers during the autumn, when demand was sluggish following the VAT increase, only about £3m pre-tax looks possible for the year —a downturn of almost 30 per cent. At this level the shares sell on a fully-taxed p/e of just 4.4 while the yield, assuming a 10 per cent increase, is an attractive 15.4 per cent.

35 companies ordered to wind up

Compulsory winding up orders against 35 companies have been made by Mr. Justice Dillon in the High Court. They were:

Kevdon, Technical Resources (Equipment), Fairmarch, Metromed, Cardmoss Properties, Towncastle, G. and E. Gowns, Representation, Artistes Direction and Personal Management.

Illustra Craft, Navarca, Coopers (Overalls), Vodbla, Stuart Darling and Co., H. T. Travel, Glass Developments, Arcepey Shipping Co. S.A., Glasszoom.

Rolus Properties, The Tetrarch Property Company, Loderford Properties, Gilford Modes, Shoalscourt Estates, Stat Preset Tooling, Vicuna (Joiners), Bontextile Installations (Engineering).

Burwood Joinery, Colman, Prentis and Varley (Holdings), Embassy Enterprises (Tombola), Edenlite, Glosswind Builders, Stowheath Industrial Cleaners.

Intercommerce (UK), A.1 (Central Heating), V. J. Spiller (Rockery Stone) and Brooks For Bricks.

A compulsory winding up order made on January 21 against A.C.T. Commercials was dismissed by consent. A similar order made against Wireonics was struck out. In both cases the petition debts had been paid.

A compulsory order against Cobra Supaform has been rescinded.

A. J. Worthington hit by adverse home market

FOLLOWING a downturn for the whole of the previous year from £290,000 to £214,000, taxable profits of A. J. Worthington, (Holdings) textile manufacturer, more than halved to £72,200 for the six months ended September 30, 1979, compared with £156,600.

Turnover, although 5 per cent higher at £1.07m (£1m) was some 8 per cent lower, the directors say, after allowing for inflation, and this was one of the main reasons for the depressed profit.

Adverse conditions in the home market have continued, and they say there is no sign yet of any improvement. Exports, however, have continued to increase.

After first half tax of £27,000 against £69,000 net profit was £45,200 (£87,600), giving earnings down from 4.29p to 2.26p per 10p share. To reduce disparity with the final, the net interim dividend is increased to 0.41p (0.34p) —last year's final was 0.553p.

	Six months 1979 £	1978 £
Turnover	1,067,966	1,013,648
Pre-tax profit	72,200	156,600
Tax	27,000	69,000
Net profit	45,200	87,600

More efforts are being made to find new business, backed by additional staff appointments in the marketing and sales fields, the directors state.

The group is avoiding some of the more intense competition from the non-European countries, through its policy of concentrating on specialised products made to order.

Utd. Guarantee to broaden base

The directors of United Guarantee (Holdings) intend to broaden the group's trading base through diversification, and the chairman, Mr. H. W. King, says in his annual report that steps are being taken to strengthen and expand the management team, which has been particularly overstretched in the past year.

As reported on January 22, pre-tax profits of the lubricants and fuel oil group advanced from £315,780 to £399,810 in the year to September 30, 1979, on turnover of £6.07m (£4.14m). The improved turnover is attributed to the purchase of West End Oil, now United Fuel Oils.

At the balance sheet date, there were current assets of £1.91m (£1.18m) and current liabilities of £1.47m (£0.76m).

A £462,634 increase in capital employed to £1.4m, excluding short-term loans, reflects the improvement in the group's underlying financial strength, says the chairman. Working capital increased £31,105 against £190,475.

At September 30, 1979, Steephill held 25.49 per cent of the stock, and International Property Development 23.17 per cent, since increased to 25.01 per cent.

Meeting, London, EC, February 21 at noon.

Throgmorton Trust advances

Pre-tax revenue of Throgmorton Trust expanded from £3.05m to £3.64m for the year ended November 30, 1979, and the dividend is increased to 5.55p net, against 4.875p, with a final of 3.3p.

Tax for the period took £1.16m compared with £996,489, leaving net revenue ahead from £2.06m to £2.48m.

BOND DRAWINGS

IRELAND
7% Sterling/Deutsche Mark Bonds 1981

S.G. WARBURG & CO. LTD., announce that Bonds for the nominal amount of £582,000 have been drawn in the presence of a Notary Public, for the redemption instalment due 1st March, 1980.

The numbers of the Bonds drawn are as follows:—

£500 Bonds

2741 to 2777	2782 to 2789	2793 to 2795	2817 to 2833	2837 to 2851
2853 to 2858	2862 2863	2865	2869 to 2874	2876 to 2903
2911	2913 to 2919	2930 2931	2940 2941	2944 to 2952
2959 to 2966	2969 to 2971	2978	2981 to 2985	2987 to 2990
3015 to 3017	3020 3021	3023	3026 to 3031	3034 3036
3038 to 3040	3045 to 3047	4141 to 4145	4151 to 4153	4229 to 4232
4242	4246 to 4249	4267 to 4272	4277	4280 to 4290
4300 4301	4303 4306	4311 4312	4317 to 4322	4324 to 4326
4336 to 4338	4342 to 4353	4355 to 4361	4378 to 4385	4406 to 4410
4426 4427	4435 to 4439	4446 to 4450	4452 to 4455	4501
4503 to 4508	4513 to 4516	4523 4525	4545 to 4549	4551 4552
4578 to 4580	4596	4621 4622	4627 4628	4630
4649 to 4656	4663 4664	4668	4670 to 4672	4679 to 4684
4686 to 4689	4696 to 4704	4706	4709 4710	4712 to 4715
4721	4735 to 4751	4762	4791 to 4794	4799 4800
4805 to 4824	4827 to 4829	4836 to 4841	4847 to 4849	4852 to 4854
6931 6932	6940 6941	6946 to 6958	6964 to 6976	6979
6982 to 6989	6991	6996 to 7005	7007 to 7010	7015 to 7022
7027 to 7036	7043 to 7068	7071	7074 7075	7078 to 7121
7134 to 7162	7167 to 7183	7185 to 7188	7197	7200 to 7209
7218 to 7223	7226 to 7232	7234 to 7252	7272 7273	7282 to 7308
7319	7328 to 7352	7364 to 7365	7368 to 7384	7391 7392
7397 to 7399	7403 7404	7410 7411	7419 7420	7424 7431
7442 to 7446	7451 7452	7457 to 7464	7467 7469	7471 to 7483
7485	7495 to 7499	7501 to 7508	7519 7520	7522 to 7533
7544 to 7549	7551 to 7561	7565	7569 to 7571	7575 to 7577
7580 to 7582	7588 to 7597	7606 to 7612	7614 to 7622	7642 to 7650
7826 7827				

£100 Bonds

15532 to 15545	15573 to 15575	15583 to 15594	15596 to 15638	15642 15643
15656 to 15659	15662 to 15755	15787 to 15791	15806 to 15810	15831 to 15857
15859 to 15930	15932 to 15935	15973 to 15982	15996 to 16017	16021 to 16028
16031 to 16071	16073 to 16077	16085 to 16102	16109 to 16128	16135 16136
16138 to 16140	16143 16144	16152 to 16164	16167	16171 to 16181
16190 to 16192	16195 to 16206	16210 to 16218	16227 16228	16239 to 16250
16254 to 16259	16261 to 16263	16266	16268 to 16270	16276 to 16295
16298 to 16305	16310 to 16313	16315 to 16317	16321 to 16325	16336 to 16395
16402 to 16410	16412 16413	16417 16418	16421 to 16635	16639 16640
16642 16643	16655 to 16659	16672 16673	16685	16691 to 16695
16722 to 16724	16727 to 16748	16758 to 16808	16813	16817 to 16837
16840	16842 to 16909	16911 to 16915	16926 to 16933	16936 to 16941
16944 to 16957	16988 to 16993	16998 to 17002	17009 to 17012	17014 to 17033
17039 17040	17042 to 17085	17116 17117	17121 to 17123	17144 to 17215
17217 17218	17220 to 17242	17249 to 17257	17260 to 17297	17301 to 17325
17330 17331	17333 to 17339	17345 to 17349	17356 to 17363	17366 17367
17386 to 17411	17413 17414	17422 to 17450	17461 to 17520	17525 to 17535
17539				

On 1st March, 1980, there will become due and payable upon each Bond drawn for redemption, the principal amount thereof, together with accrued interest to said date at the office of:—

S.G. WARBURG & CO. LTD.,
30, Gresham Street, London, EC2P 2EB.,

or with one of the other paying agents named on the Bonds.

Interest will cease to accrue on the Bonds called for redemption on and after 1st March, 1980, and Bonds so presented for payment must have attached all coupons maturing after that date.

£598,000 nominal amount of Bonds will remain outstanding after 1st March, 1980.

The following Bonds previously drawn for redemption on the dates shown below, have not as yet been presented for payment.

1st March, 1973

£100 Bond Nos: 11133 to 11137 11860 to 11863

1st March, 1974

£500 Bond Nos: 4197 4198

1st March, 1976

£100 Bond Nos: 21362 21772 21773

1st March, 1977

£500 Bond Nos: 271 to 274 309 to 312 373 374 600 9801

£100 Bond Nos: 12916 26904 26905 26955 26956

1st March, 1978

£500 Bond No: 1180

£100 Bond Nos:
22267 22647 22652 22653 22732 23053 23061 23083 23088 23439
23440 23547 to 23549 23735 23740 23741

1st March, 1979

£500 Bond Nos:
4951 5612 to 5621 5659 to 5661 5721 5722 5944 5945
5969 5970 6037 6140 to 6149

£100 Bond Nos:
13058 to 13070 13345 13356 13517 13547 14863 14864 14881 14882
15011 15012 15050 to 15053 15263 15305 to 15308 15399

30, Gresham Street, London, EC2P 2EB. 30th January, 1980

COMPAGNIE FINANCIERE ET INDUSTRIELLE DES AUTOROUTES —COFIROUTE

9% 1974/1989 Loan of UA 17,000,000

Bondholders are informed that Bonds for a nominal amount of UA 680,000 were drawn on January 17, 1980 in the presence of a *Notary Public, for redemption on March 12, 1980.*

The following UA 1,000 Bonds will be reimbursed at par, coupon No. 7 attached, as from March 12, 1980:

6802 to 7481 inclusive.

Amount outstanding: UA 14,620,000.

Outstanding drawn Bonds

1954 to 1958 inclusive, 9246 to 9255 inclusive, 9303, 12931 to 12933 inclusive, 13606 to 13607 inclusive, 13615, 13617, 13708, 13762 to 13763 inclusive, 13812, 13853, 13891 to 13900 inclusive.

FINIMTRUST S.A
Luxembourg, January 30, 1980. Trustee

COMPANY NOTICES

MANUFACTURE FRANCAISE DES PNEUMATIQUES MICHELIN

US$75,000,000 LOAN
9¼% 1976-1986

The redemption instalment of US$2,500,000 due on March 15, 1980 has been partly met by purchases in the market to the nominal value of US$600,000 and by a drawing of bonds in the presence of a huissier to the nominal value of US$1,900,000.

BONDS DRAWN:
Nos. 5860 to 7827 inclusive and taking previous instalments into account.

Amount remaining in circulation after March 15, 1980:
US$65,000,000.

Bonds will be redeemable at par as from March 15, 1980 with coupons at March 15, 1981 and subsequents attached.

The Fiscal Agent
BANQUE DE PARIS ET DES PAYS-BAS POUR LE GRAND DUCHE DE LUXEMBOURG.

CANADIAN NORTH ATLANTIC WESTBOUND FREIGHT CONFERENCE
NOTICE TO SHIPPERS
INLAND RATES/CHARGES IN ENGLAND, SCOTLAND AND WALES

The member Lines of the above Conference wish to advise shippers that, due to changes in current operating conditions, it is necessary to make certain adjustments to the structure of the inland rates and also, as a result of the ever increasing costs which the member lines are forced to bear, it is necessary to increase the general level of rates and charges.

The revised level of rates and charges will become effective 1st March 1980 and details of these may be obtained from any of the undernoted member lines:—
ATLANTIC CONTAINER LINE G.I.E.
CANADIAN PACIFIC STEAMSHIPS LTD.
DART CONTAINERLINE COMPANY LTD.
HAPAG-LLOYD AG. Joint
MANCHESTER LINERS LTD. Membership
GOLDEN CROSS LINE LTD.
CANADIAN ATLANTIC FREIGHT SECRETARIAT LTD.
Secretaries.

Cunard Building,
Liverpool L3 1DS.
January, 1980.

CANADA UNITED KINGDOM FREIGHT CONFERENCE
NOTICE TO IMPORTERS
INLAND RATES/CHARGES IN ENGLAND, SCOTLAND AND WALES

The member Lines of the above Conference wish to advise importers that, due to changes in current operating conditions, it is necessary to make certain adjustments to the structure of the inland rates and also, as a result of the ever increasing costs which the member lines are forced to bear, it is necessary to increase the general level of rates and charges.

The revised level of rates and charges will become effective 15th March 1980 and details of these may be obtained from any of the undernoted member lines:—
ATLANTIC CONTAINER LINE G.I.E.
CANADIAN PACIFIC STEAMSHIPS LTD.
DART CONTAINERLINE COMPANY LTD.
HAPAG-LLOYD AG. Joint
MANCHESTER LINERS LTD. Membership
GOLDEN CROSS LINE LTD.
CANADIAN ATLANTIC FREIGHT SECRETARIAT LTD.
Secretaries.

Cunard Building,
Liverpool L3 1DS.
January, 1980.

ELECTRICITY SUPPLY BOARD
"E.S.B."
8¼% 1977/1988 UA 15,000,000

On January 17, 1980 Bonds for the amount of UA 1,000,000 have been drawn for redemption in the presence of a Notary Public.

The Bonds will be reimbursed at par, coupon No. 10 and following attached, on and after May 7, 1980.

The drawn Bonds are those, NOT YET PREVIOUSLY REDEEMED, included in the range beginning:

AT 11556 UP TO 13771 INCL.

Outstanding drawn Bonds
4401 to 4405 incl., 4501, 4561, 4614 and 4615, 4629 and 4630, 4729 to 4738 incl., 4814 to 4823 incl., 4896 and 4897, 4977, 4992, 5556, 5631 to 5634 incl., 8873, 8898 to 8903 incl., 8935 to 8938 incl., 8941 to 8944 incl., 9052 to 9055 incl., 9393 to 9395 incl., 9461, 9466, 9476 and 9477, 9480 to 9482 incl., 9484 to 9486 incl., 9504, 9514, 9536, 9568, 9575 and 9576, 9585, 9557 and 9588, 9595, 9597, 9607, 9636 and 9637, 9648, 9650 to 9653 incl., 9661, 9666 and 9667, 9673 and 9674, 9681 and 9682, 9684, 9733, 9760, 9766 and 9767, 9826, 9842 to 9850 incl., 9863 and 9864, 9866 to 9906 incl., 9925, 10010, 10021, 10051, 10061, 10076 to 10078 incl., 10107 and 10108, 10119, 10126 to 10128 incl., 10149 to 10152 incl., 10154, 10185 and 10186, 10212 to 10216 incl., 11114 and 11115.

Furthermore the Board will repay on May 7, 1980 the total amount outstanding following the above redemption, i.e., UA 6,000,000 at 101.50 percent in accordance with the terms and conditions of the loan.

The Fiscal Agent
KREDIETBANK
S.A. Luxembourg.

Luxembourg,
January 30, 1980.

COMPANY NOTICES

WEST RAND CONSOLIDATED MINES LIMITED
(Incorporated in the Republic of South Africa)

COUPON NO. 97

HOLDERS OF SHARE WARRANTS TO BEARER are informed that they will, on or after the 8th February 1980 be paid 4.588495p per share, viz., 5.39823p the amount declared per share, less 0.809735p being South African non-resident shareholders' tax of 15% against surrender of Coupon No. 97.

Coupons must be deposited for THREE CLEAR DAYS for inspection before payment will be made:
In London at National Westminster Bank Limited, Stock Office Services, 5th Floor, Drapers Gardens, 12 Throgmorton Avenue, E.C.2.
In Paris at Credit du Nord, 6 & 8 Boulevard Haussmann, Paris (9e).
In Basle at Swiss Bank Corporation.
In Zurich at Credit Suisse.

Coupons belonging to holders resident in Great Britain and Northern Ireland will be paid as follows:

Amount of Dividend after deduction of South African non-resident shareholders' tax of 15%	4.588495
Less: United Kingdom Income Tax of 15% on the Gross Amount of the dividend of 5.39823p	0.809735
Nett amount	3.77876

Listing forms can be obtained from the National Westminster Bank Limited, at the address shown above.

By Order,
GENERAL MINING AND FINANCE CORPORATION LIMITED
London Secretaries
per L. J. Baines

28th January 1980.
London Office
Princes House,
95 Gresham Street,
EC2V 7EN.

NOTE: Under the double tax agreement between the United Kingdom and the Republic of South Africa, the South African non-resident shareholders' tax applicable to the dividend is allowable as a credit against the United Kingdom tax payable in respect of the dividend. The deduction of tax at the reduced rate of 15% instead of at the basic rate of 30% represents an allowance of credit at the rate of 15%.

BLUE CIRCLE INDUSTRIES LIMITED
NOTICE TO HOLDERS OF BEARER WARRANTS

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of the above-named Company will be held at Portland House, Stag Place, London SW1E 5BJ, at 3.30 p.m. on Wednesday, the 20th day of February 1980, for the purpose of considering and, if thought fit, passing the following Resolution which will be proposed as an Ordinary Resolution:

RESOLUTION

1. THAT (a) the authorised share capital of the Company be increased by the creation of an additional 17,500,000 Ordinary Shares of £1 each: and (b) as and when any Ordinary Shares of £1 each in the capital of the Company become issued and fully paid they be forthwith converted into Ordinary Stock transferable in units of £1 each.
2. THAT conditionally upon the Offers or the Secondary Offer, as defined and contained in a Letter of Offer dated 29th January, 1980, from Baring Brothers & Co. Limited on behalf of the Company and addressed to the shareholders and option holders of Armitage Shanks Group Limited, or any extension or revision thereof, becoming or being declared unconditional in all respects other than the condition relating to the passing of this resolution: (a) the authorised share capital of the Company be increased by the creation of an additional 500,000 Ordinary Shares of £1 each; and (b) as and when any Ordinary Shares of £1 each in the capital of the Company created pursuant to this Resolution become issued and fully paid they be forthwith converted into Ordinary Stock transferable in units of £1 each.

By Order of the Board.
H. W. R. HAM, Secretary.

Registered Office:
Portland House,
Stag Place,
London, SW1E 5BJ.
30th January, 1980.

NOTES.—Subject to compliance with conditions 16-19 of the Conditions of Issue endorsed on the Company's Stock Warrants a bearer warrant holder may attend and vote at the meeting or may appoint a proxy to attend and on a poll vote instead of him. A proxy need not be a member of the Company.

This resolution arises in connection with the Company's offer for the whole of the share capital (not owned by it) of Armitage Shanks Group Limited. A copy of the offer document (for information only) may be obtained on application to the Secretary of the Company at the address shown above.

BROWNLEE and Company Limited

SHARE REGISTRATION

Notice is hereby given of the appointment of The Governor and Company of the Bank of Scotland as Registrars with effect from 1st February, 1980.

All correspondence and Documents for registration regarding the Share Registers should in future be sent to:

Bank of Scotland
Registrar Department
28A York Place
Edinburgh EH1 3EY
Telephone: 031-556 9351

CITY SAWMILLS
PORT DUNDAS J. M. SMITH
GLASGOW G4 9TP *Secretary*

VICKERS LIMITED

NOTICE IS HEREBY GIVEN that, in respect of registered holders of the Company's Preferred 5% Stock, 5% Preference Stock and Cumulative Preference Stock as at the close of business on 27th February, 1980, warrants for final dividends in respect of the year 1980 will be posted on 28th March, 1980, for payment on 1st April, 1980; the respective REGISTERS OF MEMBERS will not however be closed for the preparation of such warrants.

By Order of the Board.
H. E. SCROPE, Secretary.

THE COMMERCIAL BANKING COMPANY OF SYDNEY LIMITED
(Incorporated in New South Wales)

NOTICE IS HEREBY GIVEN that the Transfer Books and Register of Shareholders will be CLOSED from the 29th February, 1980 to the 7th March, 1980, both days inclusive, for the purpose of payment of Interim Dividend.

Transfers for registration prior to such closing must be lodged before 5.00 p.m. on Monday the 18th February, 1980.

By Order of the Chief Board.
J. H. SEYMOUR.
Chief Manager,
United Kingdom & Europe.

PUBLIC NOTICES

GLOUCESTER CITY COUNCIL

£200,000 bills issued 9.1.80 at a rate of 16 percent to mature 9.4.80. Total applications were £1.2m and there are £200,000 bills outstanding.

HAMPSHIRE CORPORATION BILLS

£6,000,000 Bills issued 30th January 1980 at 15.5729166% to mature 27th February 1980. Applications £30,000,000. Outstanding £42,000,000.

MINING NEWS

Cominco profits rise to record level

BY PAUL CHEESERIGHT

COMINCO, the Canadian metals and chemicals group, had record sales and earnings last year as it gained the benefit from the advance in base and precious metals prices.

Net profits were C$203.7m (£77.8m), or C$11.52 (440p) a share, compared with C$65.2m, or C$3.46 a share in 1978, the group announced yesterday. Sales rose to C$1.29bn from C$908.2m.

The figures were anticipated by a series of quarterly results *showing that Cominco was sharing* the financial recovery of the North American mining sector. But, like Noranda Mines, another Canadian minerals major, Cominco gained appreciably from the decline of the Canadian dollar relative to the U.S. unit.

The earnings surge, however, is timely for the group. It has embarked on a large expansion programme, involving new mines in Australia and the Canadian Arctic and the probability of a new copper venture in British Columbia.

The cost of the new mines was *estimated* by the group at C$600m in June last year, when it also noted that a further C$300m would be spent on the expansion of existing operations in British Columbia.

This programme will hold back dividend payments to shareholders, the group warned, despite the expected record earnings for last year. Nevertheless, Mr. Harold Fargey, executive vice-president of the group, has suggested that world mineral demand is likely to rise sharply over the next 20 years.

Even last year Cominco's earnings were boosted by the strong demand for lead concentrates at high prices. But refined lead demand in the U.S. fell during the third quarter, the group noted. There was also some softening in general zinc demand during the third quarter *although, overall,* zinc prices were higher than in 1978.

A mid-year agreement on resource taxes with the provincial Government of Saskatchewan made potash operations profitable for the group.

Although *earnings* from tin, silver and gold were all higher, with gold and silver rising especially in the last quarter, the group has not shared fully in the gold price advance. The full impact of the price surge was *not realised* because of previous contracts for the sale of part of the group's production.

With the surge in precious metals prices *spilling over into* base metals during the first quarter, Cominco has clearly had a good start to this year. But the prospects for industrial minerals are linked to the uncertain course of the *international* economy.

SA earns £3bn from gold

THE VALUE of South African gold production last year is estimated at R5.6bn (£3.06bn), compared with R3.9bn in 1978, Mr. Frederick de Klerk, the Minister of Mines, said yesterday in Johannesburg.

The *sharp* increase in revenue came from production of 702.2 tonnes of gold which realised average prices of not much more than $300 an ounce. This emphasises the strong returns which South Africa must now be receiving with *gold* at more than double this price.

Gold has remained South *Africa's* most important mineral export. The value of total mineral production last year is estimated at R9.96bn against R6.88bn, Mr. de Klerk told the South African Mineworkers Union annual congress.

A large proportion of mining company profits are being channelled back into development and extensions of operations, he said. While he was confident about the outlook for the industry this year, his optimism was tempered by concern about inflation caused by factors like higher oil prices.

AMC earnings start to advance

ASSOCIATED MINERALS CONSOLIDATED, the biggest of the Australian beach sand producers, *returned to profit* in the first half of its financial year to next June as the world demand for rutile, ilmenite and zircon continued to *improve.*

Net attributable profits in the six months to December were A$432,000 (£212,180) compared with a loss in the same period of 1978 of A$290,000. Earnings would have been A$769,000 but for costs *of $A337,000 on* a minority interest in a subsidiary.

The financial performance is expected to improve during the second half and the directors intend to pay a dividend for the year of 7.5 cents (3.68p). There were no dividends in the 1978-79 year.

AMC will be unaffected by the Australian Government's ban on rutile exports to the Soviet Union, it emerged yesterday. A spokesman for Consolidated Gold Fields, AMC's parent, noted that AMC's production went to the U.S., Europe and Japan and not to the Soviet Union.

The Australian sales ban covers *2,500 tonnes of rutile,* a small amount. AMC's production in the December half was 40,526 tonnes. The ban was introduced as the Australian Government started to draw up a list of strategic materials it would not sell to the Soviet Union in retaliation for the intervention in Afghanistan.

The beach sands are used in the manufacture of titanium, a metal with high *technology* applications. Titanium is currently in short supply and it is thought that any increase in Western defence expenditure is likely to make supplies even tighter.

It is against this background that AMC is expecting its fortunes to improve in the second half. It will in any case be gaining the benefit of contracts renegotiated at higher prices. *The* original contracts expired at the end of 1979.

In London yesterday the shares were a nominal 150p.

ENDEAVOUR: TIN SEARCH WIDENS

ENDEAVOUR RESOURCES, the Melbourne-based natural resources group, is extending its search for tin in the Emmaville area of New South Wales.

In its report on the quarter to the end of December, Endeavour said it had formed a third joint venture with Newmont Proprietary and I.C.I. Australia to explore and evaluate the Vegetable Creek Stockwork Tin prospect area.

Endeavour is already involved in exploration joint ventures with Newmont and ICI at the Grampians Stockwork and Pound Flat prospects.

Under the terms of the latest joint venture Endeavour currently has a 30 per cent funded interest which could revert to 15 per cent depending on Endeavour's wish to contribute to *expenditure* at various stages of exploration.

Newmont, the operator of the venture, completed geological mapping and broad-scale prospecting of the area during the last quarter. Zones of *mineralisation* have been recognised and up to 2,000 metres of percussion drilling is proposed during the current quarter.

CHARTERHALL'S NICKEL HOPE

Charterhall, the UK registered natural resources group, reports encouraging drilling results from the Mount Keith nickel prospect in Western Australia.

In the progress report for the quarter to end-December the company said a programme of *rotary-percussion* drilling, planned to test geophysical anomalies for nickel gossans and provide *additional targets for core drilling,* was completed.

Seven core holes were completed for a total of 1,942 metres. Four of these intersected massive sulphides and demonstrate a mineralised contact extending along 1,000 metres, Charterhall said. Approximately 800 metres remains to be tested.

As a result of the exploration work carried out by *Cliffs International,* the operator, Cliffs have earned a 51 per cent interest in the venture by spending A$300,000. Charterhall's interest is thus reduced to 26 per cent.

Cliffs are contributing an additional A$250,000 and Charterhall will not need to subscribe any funds towards its remaining 26 per cent until the June 1980 quarter.

BIDS AND DEALS

Newman offshoot buys Ceramix Group

Newman Industries subsidiary Grindley of Stoke (Ceramics) has completed the purchase of Ceramix Group, from Maddock for a total consideration of £1.7m. This is being satisfied as to £250,000 by an issue of 500,000 ordinary shares of Newman, and *as to the balance of £1.4m in* cash. Of the cash consideration £933,050 was satisfied on completion. £368,258 has been deferred and will be paid, together with interest at 1½ per cent above the base lending rate of Midland Bank, not later than May 29, 1980.

A further £140,628 has also been deferred and will be paid on the release of the workmen's compensation fund of Jackson China, a unit of Ceramix, or, if earlier, January 24, 1983.

Maddock has settled an amount of £383,050 owing to a Newman subsidiary and will procure the *release of a guarantee* by Newman to Maddock's bankers amounting to £75,000.

As at June 30, 1979, the audited net tangible assets of Ceramix were £1.7m.

CAPARO-EMPIRE

Acceptance of Caparo Investments' offer for Empire Plantations *by the directors of Empire* and Linkon gives Caparo 58.84 per cent of the voting capital of Empire. Due to an agency error the level of acceptance was incorrectly given in yesterday's report.

PLESSEY SALE

The Plessey electronics group *has sold off a small metal company,* as part of its continuing disposal of non-electronic interests, for a price thought to be under £1m.

The company, Plessey Sheet Metal, has been sold to WCB-Clares a subsidiary of Arthur Guinness, the brewing group.

Plessey Sheet Metal employs around 280 people in Swindon. *It manufactures* sheet metal components and containers for various industrial applications.

In the past 12 months, Plessey has sold off some eight companies, including its Garrard record turntable subsidiary. The *companies have included* manufacturers of numerical controls, semiconductor memory devices, and a light engineering company.

R. A. DYSON GROUP NOT SATISFIED WITH PRICE

Minority holders in R. A. Dyson, the trailer maker which has received a rescue bid from Ryland Vehicle Group, have set up a shareholders' protection *committee in an attempt* to get a higher price.

Ryland's 2p a share cash offer has already gone unconditional with Dyson's Board irrevocably committing its own 50.8 per cent of the "A" shares. Mrs. Elsie Dyson, the chairman, explained in the offer document that the bid from Ryland was the only alternative to receivership.

However, shareholders accounting for 24.3 per cent of the "A" shares and 26.7 per cent of the "B" shares are not satisfied that Ryland's bid is "equitable," according to Mr. Reginald Sington, the Liverpool stockbroker who is heading the protection committee.

Mr. Sington has told members that the "A" shares have been trading regularly at 10p in the market in recent months and the "B" shares have also seen frequent transactions at 8p.

Blue Circle sees more growth from overseas

Blue Circle Industries, the major UK-based cement group which has bid over £28m for the Armitage Shanks sanitary ware company, is confident that its large overseas operations will show further growth this year.

The company said in the formal offer document that its major investment programme in Mexico was making an increasing contribution. Blue Circle will also benefit for the first time from a full year's profits *from the £19m Chilean acquisition.*

In the UK, cement use in 1980 could drop slightly because of the uncertain economic outlook. But the group expects the return on capital employed to *improve through higher* cement prices and greater operational efficiency.

The group which obtains about 45 per cent of profits from abroad, has already described 1979 as a fairly flat year after *a pre-tax profit of £51m* the year before. In the document, it said most foreign subsidiaries performed well in the second half —total first half profits fell to £20.6m from £21.3m — but exchange rate movements depressed the sterling value of their profits and of exports.

The rise in UK cement prices last August allowed the group to recover higher costs and restore margins at home, but a revaluation of UK fixed assets will lead to additional depreciation of £3m.

Armitage, whose board recommends the offer, said it is confident of satisfactory results for the full year to March 31. For 1978-79, it reported a pre-tax rise from £1.3m to over £3m.

Armitage's largest shareholder, the Lebanese-controlled Ceramic Investments BV, has not accepted the offer, however, and its London advisers say they continue to regard the terms as too low.

BTR's £1.2m German buy

BTR, the fast growing rubber and engineering group, is extending its interests in Europe with the purchase, for DM 4.5m (£1.2m) cash, of a 61.5 per cent stake in Gummiwerke Becker, a West German manufacturer of roll coverings and tank linings.

Becker's assets are valued at DM 11m (£2.8m) and annual sales of DM 22.6m (£5.8m) generated DM 0.7m (£179,000) net income in its last financial year.

Becker, which employs some 200 people, has manufacturing facilities in Heidenheim and Duren, and wholly-owned subsidiary, Neff, makes small pasteurising instruments in Tubingen.

Principal markets for the company's products and services are the paper and textile industries in West Germany, Austria, Switzerland and the Benelux countries, with some export business in East Germany.

The Becker purchase (the shares were bought from a group of about 10 shareholders) was made through SW International, a U.S. member of the BTR group. SW, which is a technological and market leader in roll coverings worldwide, sees the acquisition of Becker—a SW licensee since 1933—as a logical progression in its plans to extend market coverage in Europe.

Mr. Owen Green, managing director of BTR, said yesterday that when the opportunity arose the European operations would be further extended. The group was presently looking at Eastern Europe.

BTR had a 50 per cent stake in a French company, with a similar business to Becker's, and there were licensing agreements in Sweden and Finland. There was no representation in Italy at the moment.

On the current year's results for BTR, Mr. Green said that they should be regarded as satisfactory.

BARCLAYS OVERSEAS INVESTMENT COMPANY B.V.

U.S. $100,000,000

Guaranteed Floating Rate Notes 1990

In accordance with the Trust Deed dated 13th December, 1979 made *between Barclays Overseas Investment Company B.V.* ("the Company"), Barclays Bank International Limited and Alliance Assurance Company Limited, constituting the above-mentioned Notes, the Company hereby gives notice that 8th April, 1980 has been determined as the Exchange Date as defined in Clause 4(B) of the Trust Deed:

Persons entitled to delivery of any of the above-mentioned Notes are accordingly advised to obtain from CEDEL S.A. or from the Brussels office of Euro-clear Clearance System Limited ("Euro-clear"), the form of a certificate to be completed, stating that none of the beneficial owners of such Notes is a national or resident of the United States of America or its possessions, territories, or areas subject to its jurisdiction. Completed certificates should be delivered to CEDEL S.A. or to the Brussels office of Euro-clear for forwarding to CEDEL S.A., on or after the Exchange Date when definitive Notes with Coupons will be available in exchange for such certificates.

BARCLAYS OVERSEAS INVESTMENT COMPANY B.V.
January, 1980.

EUROPEAN OPTIONS EXCHANGE

Series		April Vol.	Last	July Vol.	Last	Oct. Vol.	Last	Stock
ABN C	F.320	5	5	5	5	—	—	F.305
ABN C	F.350	—	—	2	1.20	—	—	
AKZ C	F.22.50	43	1.60	30	2.50	—	—	F.23.20
AKZ C	F.25	41	0.50	8	1	1	1.60	"
AKZ C	F.27.50	16	0.20	—	—	—	—	"
ARB C	F.65	9	1.50	—	—	—	—	F.65
CSF C	F.400	2	165	—	—	—	—	F549
FNC C	$25	10	¾	—	—	—	—	$22¼
HEI C	F.70	2	5.50	—	—	—	—	F.75.70
HEI C	F.75	—	—	1	3.50	1	4.50	
HO C	F.22.50	20	1.20	—	—	4	2.70	F.22.50
HO C	F.25	4	0.60	—	—	—	—	"
IBM C	$65	10	8⅛	—	—	—	—	$71¼
IBM C	$70	10	4⅞	—	—	—	—	"
IBM C	$75	5	2¼	—	—	1	5⅛	"
KLM C	F.60	15	7.80	6	9.50	—	—	F.67
KLM C	F.70	60	2.80	5	6	—	—	"
KLM C	F.80	405	1	118	2.50	9	5	"
KLM C	F.90	93	0.30	—	—	—	—	"
KLM C	F.110	10	0.10	—	—	—	—	"
KLM P	F.60	166	2.30	—	—	—	—	"
KLM P	F.70	130	6.50	126	7.90	1	9	"
KLM P	F.80	67	13.80	1	12.50	1	15.70	"
KLM P	F.90	6	23.30	3	22	—	—	"
NN C	F.120	30	3.70	—	—	—	—	F.119.80
NN C	F.125	25	1.60	—	—	—	—	"
NN P	F.120	5	5	—	—	—	—	"
PET C	Fr.5500	3	500	—	—	—	—	Fr.5550
PET C	Fr.6000	1	200	13	550	—	—	"
PHI C	F.20	23	1.20	120	1.50	49	1.90	F.20.80
PHI C	F.22.50	25	0.40	30	0.60	12	0.90	"
RD C	F.140	66	18.80	—	—	—	—	F.158.40
RD C	F.145	39	15	14	14.50	—	—	"
RD C	F.150	551	10.80	40	11	6	11.50	"
RD C	F.160	1298	4.50	320	5.80	—	—	"
RD P	F.140	50	0.40	3	2	—	—	"
RD P	F.145	112	0.90	—	—	—	—	"
RD P	F.150	294	1.50	61	4.80	—	—	"
RD P	F.160	180	5	10	8.50	—	—	"
UNI C	F.115	10	5.10	—	—	—	—	F.116.70
UNI C	F.120	33	3	5	3.50	1	3.80	"
UNI C	F.125	—	—	10	1.40	—	—	"
XON C	$55	5	5¾	—	—	—	—	"
XRX C	$60	6	8⅝	—	—	—	—	$68½
XRX C	$70	10	2⅝	—	—	—	—	$67¼
		Feb.		May		Aug.		
BA C	$50	12	17⅞	6	19	—	—	$68¾
BA C	$60	—	—	12	10¼	3	12½	"
OXY C	$25	5	3⅜	9	5¼	—	—	$27¾
SLB C	$80	4	22¾	—	—	—	—	$102¼
SLB C	$90	—	—	10	16½	—	—	"
SLB C	$100	—	—	11	8½	—	—	"

TOTAL VOLUME IN CONTRACTS 4934

C=Call P=Put

UK NEWS

STOCK EXCHANGE FACES DEFEAT IN RESTRICTIVE PRACTICES CASE

Need for change in securities industry rules

BY CHRISTINE MOIR

THE Stock Exchange is likely to lose its pending case before the Restrictive Practices Court, according to the majority of interviewed for a study on the prospects for the securities industry.* As a result important changes would need to be made in the basic principles underlying the exchange's rule book. These could be "hasty and ill-considered."

Although most respondents believed the rule book acted in the public interest they thought its practices are identifiably "restrictive" by definition. As a result the court might be able only to rule on whether each practice was restrictive, and, therefore, breaking the law.

If that occurred—and most regarded it as the likely outcome—the traditional separation of function between jobber and broker and the principle of fixed commissions might need to be scrapped overnight.

There was a fear that in the resulting disruption, as happened in America, a large number of medium-sized and small broking firms would disappear, leading to the alienation of the private investor due to higher costs.

Institutions might find stockbroking firms charging them separately for research or might have to employ large numbers of research analysts themselves.

The Stock Exchange Council was widely criticised for failing to ensure that the main users of the stock market would defend it in court. "The institutional fraternity wants rational and reasoned change, but the trouble is, the stock exchange won't talk about it," one respondent said.

The fund managers believed the council was wrong in not airing all the issues "within the family" and setting up a strong contingency plan before the rule book comes to court.

The need for change was becoming acute not only because of the reference to the court but, more importantly, because of internal pressures on the system.

Two weaknesses in the system were pinpointed, which it was felt seriously strained the viability of jobbers and the relationship between brokers and major clients:

● As a result of the enormous increases in public debt the jobbers had a correspondingly enormous capitalisation requirement. This meant that their numbers had shrunk and the capacity for big block trading was too small while margins were too wide.

● The level of stockbrokers' commissions was too high and there ought to be a discount of perhaps 20 per cent for major users, with a corresponding increase in charges to small clients.

Both weaknesses would create problems in the 1980s, fund managers believe. The general consensus was that the single capacity system, which forbids market makers (jobbers) to act as agents (brokers) and vice versa, would fail to survive the decade.

A surprising number of respondents, took a very robust view about conflict of interest, many as a result of cynical acceptance that it already existed.

Investors did not, for example, expect brokers to publish "sell" recommendations for stocks where the companies were clients of the firm.

Onl ya few respondents, however, thought that single capacity was vital for the preservation of the Stock Exchange.

A number of other areas of potential conflicts of interest gave rise to fierce complaint. In particular, professional fund management groups complained about the way in which stockbroking firms were encroaching on pension fund management.

They were equally annoyed with the fund management activities of merchant banks which obtain special wholesale advantages in dealing in blocks of shares and do not pass on the savings when they break up the large blocks among discretionary clients.

Other issues raised by the panellists included:

● The Wilson Committee was thought to have had an effect in forcing certain financial institutions to make adjustments but unlikely to make a big impact on publication.

● Relations between the City and Whitehall were "bareley adequate."

● Relations with the Bank of England were "excellent," but a growing need for it to take a more active role in regulating the securities industry.

● The Council for the Securities Industry was not regarded as highly effective.

● Stamp duty was an urgent need for abolition.

In spite of recognising that there were important areas of weakness and some which urgently needed change, most respondents thought the City "the best and most efficient financial centre in the world," which would only benefit from the change in Government attitudes.

The abolition of exchange controls was seen as having two big advantages: it could be expected to draw overseas investors into the UK securities market, and it would reduce the threat of UK institutions swamping the UK market as they looked internationally for homes for their funds.

The publication yesterday of a report commissioned by the stockbroking firm of Grieveson Grant highlights a growing debate on the future for the securities industry in the next decade.

The firm commissioned an independent interviewer to assess the views of 24 investment managers drawn from insurance companies, pension funds, merchant banks, investment and unit trusts on the broad issues facing the industry. The issues ranged from the relaxation of exchange controls to the leadership of the Stock Exchange Council in the face of the strains on the principles of separate capacity and fixed commissions.

The outcome is a robust airing of worries and complaints—with occasional compliments—by representatives of the major users of the stock market.

But as Mr. John Brew, a senior partner of Grieveson, pointed out, the criticisms have the flavour of "a family airing its differences rather than the beginnings of a divorce."

The firm's purpose in commissioning the study was to open a forum in which the institutions could identify weaknesses and areas for change in the field of stockbroking, so that it could start contingency planning.

* *Prospects for the Securities Indusrty: A Survey by Francis Kinsman. Published by Grieveson Grant, 59, Gresham Street, London, EC2. £25.*

APPOINTMENTS

Saudi International Bank changes

Mr. Andreas R. Prindl and Mr. Barrett R. Petty will be seconded to SAUDI INTERNATIONAL BANK by Morgan Guaranty on April 1. Dr. Prindl initially will be appointed general manager and executive director designate in anticipation of his appointment as executive director and chief executive officer later in the year.

The latter appointment will occur when the current executive director and chief executive officer, Mr. Edgar C. Felton, who has been seconded to Saudi International Bank since 1975, returns to Morgan Guaranty Trust Company in New York for another assignment.

Mr. Petty will be appointed general manager at Saudi International and will replace Mr. Alfred M. Vinton, Jr. who is currently general manager and who will return to Morgan Guaranty on that date to become vice-president and general manager of Morgan Guaranty in London.

Mr. Prindl is currently general manager of Morgan Guaranty's Tokyo office, and Mr. Petty is in charge of the bank's business in Kuwait and Saudi Arabia.

Saudi International Bank (Al-Bank Al-Saudi Al-Alami) is the London-based international bank in which the Saudi Arabian Monetary Agency (SAMA) holds a 50 per cent interest. The other shareholders are Morgan Guaranty Trust Company (20 per cent), The Bank of Tokyo (5 per cent), Banque Nationale de Paris (5 per cent), Deutsche Bank (5 per cent), National Westminster Bank (5 per cent), Union Bank of Switzerland (5 per cent), National Commercial Bank (2.5 per cent) and Riyad Bank (2.5 per cent). Morgan Guaranty provides management assistance under a technical assistance agreement which was recently renewed by the Board of Saudi International Bank for a further five years.

★

The Industry Secretary has appointed Mr. Thomas Allen, a partner in Peat, Marwick, Mitchell and Co. and Mr. Ian Irvine, a partner in Touche Ross and Co. to the INDUSTRIAL DEVELOPMENT ADVISORY BOARD. Mr. Allen joined Peat, Marwick, Mitchell in 1958 and was made a partner in 1968. From 1977 to 1979 he was a member of the Department of Industry's Advisory Committee on the Paper and Board Industry Scheme. Mr. Irvine has been a partner in Touche Ross since 1965. He has extensive responsibilities for U.S. and international work generally.

★

Mr. J. B. Davies has been appointed export sales director to HARLAND MACHINE SYSTEMS.

★

HARLAND GROUP has made the following changes: Mr. Erik J. Skog to group financial controller, from financial management in the aeronautical industry and Mr. Robert F. Carroll financial director, Harlands of Hull from financial accountant.

★

Mr. Mel McGillivray, associate director of SPL and managing director of SPL Nederland BV, has been appointed managing director of SPL BELGIUM. Mr. Jim King, sales manager of the RTL/2 Group, has been appointed sales manager, and Mr. Bill Lang, operations manager in Brussels.

★

At the BRITISH ELECTRIC TRACTION COMPANY Mr. George F. Gray has been appointed a director of the main Board. He is chairman of the plant hire, division of the Group, comprising Grayston Limited (the company Mr. Gray founded in 1947), Eddison Plant Limited and J. D. White Limited. Mr. Gray joined the B.E.T. in 1968, when Grayston became a member of the Group.

CONTRACTS

£9.7m hospital for Milton Keynes

Oxford Regional Health Authority has signed a management contract with TAYLOR WOODROW CONSTRUCTION for the construction of the Milton Keynes District General Hospital. Estimated cost £9.7m.

★

DOWTY FUEL SYSTEMS has received a £7m order for reheat fuel-control systems for the Rolls-Royce RB.199 turbofan engine. Two RB.199s power the Tornado and are multi-role engines giving high thrust with reheat for combat and supersonic acceleration, and having low fuel consumption for long-range cruise at sea-level without reheat.

★

The building and civil engineering divisions of LONDON AND NORTHERN have been awarded substantial contracts in Ireland and the North East and North West of England worth more than £2.5m. The Northern Ireland Electricity Services has awarded W. and J. Taggart (Northern Ireland) Portrush, the site restoration work at Kilfoot Power Station, a contract worth £460,308. In the north east of England, Wilsons (Spennymoor) has new contracts valued at £413,000 for revitalisation of dwellings in West Cornforth and South Hilton, Co. Durham. Border Engineering Contractors in the north west has won contracts worth £1.6m including a £785,000 contract on the Ulverston diversion of the A590 Trunk Road for the Department of Transport and a £665,000 factory extension contract for English Industrial Estates Corporation at Salterbeck, Workington.

★

SMITHS INDUSTRIES has received £2m orders for 350 electronic engine control units for use with the Rolls-Royce-Allison TF41 engines of the LTV A7s.

★

The NCB has placed a contract worth £500,000 with QUALTER, HALL AND CO., of Barnsley, South Yorkshire, to connect Houghton Main with Dearne Valley colliery by half a mile of belt conveyors. Work involves installing four belt conveyors which will form the link between the two collieries, one bifurcated chute with hydraulic operating gear to the existing Dearne Valley conveyor, one discharge chute and a 6 ft. diameter spiral chute. Qualter, Hall is a wholly-owned subsidiary of Matthew Hall and Co.

★

A £180,000 contract has been placed by Dean Smith and Grace, of Keighley, Yorkshire, with the foundry machinery division of BAKER PERKINS. The order is part of a major modernisation programme being carried out at the Lawkholme Lane foundry to meet the needs of its American parent, the Monarch Machine Tool Corporation, to boost production of high quality grey iron machine tool castings. The equipment being supplied consists of a 10 tons-per-hour sand reclamation plant complete with full environmental dust extraction and a mobile mixer which will mix up to 20 tons per hour of furan sand. The mixer will be fitted with a servo mechanism for automatic variations of acid and resin percentages to further reduce moulding costs.

★

The OXFORD AIR TRAINING SCHOOL has won a £500,000 contract to train 20 pilots for Sudan Airways. They will be trained to CPL/IR standard. Eleven of the students will begin their training in February, with the balance to follow in April.

★

THE WESTINGHOUSE ELECTRIC CORPORATION'S research and development centre has received a $687,000 (£300,000) contract from the Department of Energy to evaluate materials for superconducting power transmission. The three-year programme will be conducted as a co-operative effort with three universities: Carnegi-Mellon, Stanford and Harvard. The project will explore the feasibility of using specific superconducting materials at liquid hydrogen temperatures. Research will be two-pronged: one group will study the use of hydrogen as a liquid dielectric for high voltage in the temperature range of −253 degs C. The other group will explore the possibility of making a practical superconductor which can carry high currents at the highest possible temperature and which can be manufactured in quantities.

★

Anglia Television has placed an order worth around £187,500 for an automatic PYE/PHILIPS PABX telephone exchange to be installed in Anglia House, its headquarters at Norwich. Pye Business Communications will be installing the system.

BASE LENDING RATES

A.B.N. Bank	17 %	■ Guinness Mahon	17 %
Allied Irish Bank	17 %	■ Hambros Bank	17 %
Amro Bank	17 %	■ Hill Samuel	§17 %
American Express Bk.	17 %	C. Hoare & Co.	†17 %
Henry Ansbacher	17 %	Hongkong & Shanghai	17 %
A P Bank Ltd.	17 %	Industrial Bk. of Scot.	17½%
■ Arbuthnot Latham	17 %	Keyser Ullmann	17 %
Associates Cap. Corp.	17 %	Knowsley & Co. Ltd.	18½%
Banco de Bilbao	17 %	Lloyds Bank	17 %
Bank of Credit & Cmce.	17 %	Edward Manson & Co.	18 %
Bank of Cyprus	17 %	Midland Bank	17 %
Bank of N.S.W.	17 %	■ Samuel Montagu	17 %
Banque Belge Ltd.	17 %	■ Morgan Grenfell	17 %
Banque du Rhone et de la Tamise S.A.	17½%	National Westminster	17 %
Barclays Bank	17 %	Norwich General Trust	17 %
Bremar Holdings Ltd.	18 %	P. S. Refson & Co.	17 %
Brit. Bank of Mid. East	17 %	Rossminster	17 %
■ Brown Shipley	17 %	Ryl. Bk. Canada (Ldn.)	17 %
Canada Perm't Trust	17 %	Schlesinger Limited	17 %
Cayzer Ltd.	17 %	E. S. Schwab	17 %
Cedar Holdings	17 %	Security Trust Co. Ltd.	18 %
■ Charterhouse Japhet	17 %	Standard Chartered	17 %
Choulartons	17 %	Trade Dev. Bank	17 %
C. E. Coates	17 %	Trustee Savings Bank	17 %
Consolidated Credits	17 %	Twentieth Century Bk.	17 %
Co-operative Bank	*17 %	United Bank of Kuwait	17 %
Corinthian Secs.	17 %	Whiteaway Laidlaw	17½%
The Cyprus Popular Bk.	17 %	Williams & Glyn's	17 %
Duncan Lawrie	17 %	Yorkshire Bank	17 %
Eagil Trust	17 %		
E. T. Trust Limited	17 %		
First Nat. Fin. Corp.	18½%		
First Nat. Secs. Ltd.	18 %		
Robert Fraser	18 %		
■ Antony Gibbs	17 %		
Greyhound Guaranty	17 %		
Grindlays Bank	‡17 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 15%, 1-month deposits 15¼%.
† 7-day deposits on sums of £10,000 and under 15%, up to £25,000 15¼% and over £25,000 15½%.
‡ Call deposits over £1,000 15%.
§ Demand deposits 15%.

NORTH AMERICAN NEWS

Overseas boost for Xerox

BY STEWART FLEMING IN NEW YORK

STRONG REVENUE gains overseas lifted the profits of copier manufacturer Xerox Corporation by 18 per cent to $563.1m last year.

The gains in 1979 net income were entirely from international operations, according to Mr. Melvin Howard. He said net income from U.S. operations was down from 1978 for two reasons.

One factor was a routine writedown in the value of Xerox's securities portfolio as well as other non-operating adjustments. The other reason was increased operating losses in Xerox's Dallas-based office products division.

Losses increased at that division for two reasons, Mr. Howard said. One was increased spending for research and development and the other increased losses of its word processing products business.

On a pre-tax basis, and excluding the office products division, and non operating adjustments, Xerox's U.S. profits rose more than 10 per cent in 1979 he added.

He did not disclose specific results for the office products division or the amounts of its 1979 income from international and U.S. operations.

In spite of a mixed economic outlook, and a number of factors which may exert pressure on profit margins, the company forecast continued progress for 1980, but made no specific financial predictions.

Xerox earnings for 1979 amounted to $6.69 a share, compared with $5.67 in 1978, on revenues which increased 16.5 per cent to $7.03bn. Fourth-quarter earnings rose by 14 per cent to $127.8m or $1.52 a share on an 18 per cent increase in sales revenues to $1.87bn.

The company has already indicated that it expects profit margins to narrow as a result of the heavy costs in gearing up to deliver several new products announced recently, reduced benefits from foreign currency transactions, an increasing proportion of lower margin products in its sales, and inflation outstripping its ability to raise prices.

The company disclosed that worldwide rental and service revenues increased 13 per cent in the last quarter of 1979 and 12 per cent in all of last year compared with a year ago, while revenues from the outright sale of copiers and duplicators rose 28 per cent in the quarter and 27 per cent in the year. Outright sales have a more immediate beneficial impact on earnings.

Eastern Air Lines setback

By Our New York Staff

EASTERN, the large Florida-based airline, reported a slight dip in 1979 earnings yesterday, blaming higher fuel costs and a year-end drop in traffic.

Net income was $57.6m or $2.10 per share, down 14 per cent on $67.3m or $2.91 in 1978. Revenues were up slightly, from $2.38bn to $2.88bn. But so were operating expenses, from $2.28bn to $2.77bn.

In the final quarter, earnings rose sharply from $3.5m or 9 cents a share to $15.3m or 56 cents. Revenues were $764m, up from $590m.

Mr. Frank Borman, chairman, said that the average amount a customer paid to fly one mile improved during 1979 but failed to match the sharp rise in operating expenses, particularly fuel. Eastern spent $677m on fuel in 1979, compared to $428m the year before, even though actual fuel consumption rose by only 7 per cent.

New move on Ford engine plan

BY IAN HARGREAVES IN NEW YORK

FORD MOTOR'S commitment to full-scale development of a radical, advanced petrol engine has taken an important step forward with the announcement that United Technologies is to build a plant in Kentucky to supply fuel injection systems for the programme.

Although Ford remains coy about production schedules for the so-called Proco engine, which is estimated to be 20 per cent more fuel efficient than comparable existing designs, the United Technologies decision is a firm indication that Ford intends to start full production by 1982

That decision is of considerable significance in the motor industry because it represents Ford's conclusion that the next generation of fuel economising engines will be petrol and not diesel-powered.

At the end of last year, Ford unexpectedly pulled out of a diesel engine development project with the Cummins Engine Company, but said that it retained long-term interest in the potential of diesel.

United Technologies said its plant would cost several million dollars and would employ over 1,000 men. Its output would be exclusively for the Ford Proco engine.

Allis-Chalmers sees slowdown

MILWAUKEE — Allis-Chalmers' eight consecutive years of earnings growth "will probably be interrupted in 1980," said the chairman Mr. David Scott. His statement followed the announcement of the rise of 7 per cent in earnings for 1979.

Profits will be hit in 1980 by four major factors, he said. The inventory accounting change to last-in, first-out "is expected to have a larger impact in 1980" than 1979's charge against earnings of 55 cents per share, devaluation of Brazil's Cruzeiro will lower profits, capital gains of $7.5m from Siemens-Allis will not be repeated and interest rates are expected to stay high.

For 1979, Allis reported net earnings of $81.4m or $6.23 against $76m or $6.18 in the previous year. Sales of $2bn compared with $1.8bn.
Reuter

National Steel has poor final quarter

By Our New York Staff

NATIONAL STEEL, the third largest U.S. steelmaker, yesterday reported a 44 per cent drop in fourth quarter earnings to $21.3m. Like other steel companies, National saw a significant drop in demand for its flat rolled steel products towards the end of last year.

For 1979 as a whole, National earned $126.5m, or $6.56 a share, which was 13 per cent up on the previous year. Sales rose by 14 per cent to $4.3bn.

Mr. George A. Stinson, the chairman, said that in spite of the setbacks caused by the recession in the motor industry and other difficulties earlier in the year, the company had made good progress in improving its efficiency and cost control.

Downturn at General Tire

By Our Financial Staff

GENERAL TIRE AND RUBBER, the fifth largest U.S. tyre manufacturer, blamed an inability to recover rising costs and a slowdown in car industry production for a 92 per cent downturn in profits for the fourth quarter ended November 30 last year. Net earnings were $15.6m or 66 cents a share compared with $30m or $1.26 on sales which fell by 1 per cent to $619.2m.

The net for the year fell by 41 per cent to $81.7m or $3.44 a share against per share earnings of $4.87 for 1978 on sales which were marginally down at $2.29bn.

Securities houses register sharp gains as year ends

BY DAVID LASCELLES IN NEW YORK

SHARP GAINS in earnings are reported by more leading Wall Street brokerage firms. Merrill Lynch, the largest in the field, said its 1979 earnings rose by 66 per cent, from $71.3m, or $2 per share, to $118.7m, or $3.26. Revenue was up from $1.53bn to $2.05bn. Fourth-quarter earnings increased to $29.6m, or 82 cents, from $9.1m, or 26 cents, in the same period of 1978.

Merrill Lynch said that much of the fourth-quarter gain came from a surge of transaction revenues caused by the record share and bond trading that followed the Fed's October credit package. For the year as a whole, the company said, "sharp increases were shown by virtually all our securities and financing activities, including commission revenues, principal transactions and investment banking."

E. F. Hutton, another large retail brokerage concern, said its 1979 earnings were $37.7m or $4.53 per share, up 32 per cent on $28.2m or $3.28 in 1978. There was a sharper gain in the fourth quarter when earnings trebled from $3.7m to $11.1m, an increase per share from 43 cents to $1.35.

Like Merrill Lynch, Hutton benefited from the high market turnover in the last quarter of last year when volume on the New York Stock Exchange averaged 34.6m shares a day compared with 26.7m in the 1978 quarter. But it also had higher revenues from investment banking, reflecting its continued expansion in that area.

Mr. Robert Fomon, chairman and chief executive, said that the firm's trading activities were "very favourable" during the quarter despite volatile and difficult markets.

Paine Webber, the securities broker and underwriter also recorded outstanding first quarter growth with net earnings soaring from a corresponding $564,000, equal to 2 cents a share, to $6.98m or $1.22 a share. Revenues for the period ended December 31 amounted to $168.49m compared with $107.09m for the same period of 1978.

EUROBONDS

Slight rises in dollar sector

BY FRANCIS GHILES

THE DOLLAR bond market posted some rises at the shorter end of the maturity range but these were more a technical reaction to Monday's price falls than any positive sign of buying. However, the mini-selling waive which had hit the market at the end of last week and on Monday came to an end.

Neither the Eurobond nor the New York bond market appeared to react to the U.S. budget and both the U.S. currency and interest rates were virtually unchanged.

The $30m seven-year floating rate note for Nippon Credit Bank Finance NV was priced at par by the lead manager, S. G. Warburg who was relieved to find that the book for this issue had been covered. The borrower is paying an interest rate of ¼ per cent above the three month London Interbank Offered Rate (Libor) with a minimum coupon of 7 per cent.

The £50m Eurosterling issue for Citicorp was priced at par by the lead manager Credit Suisse First Boston. Mr. David Potter, the managing director of CSFB, said he thought that the quality of placement had been "reasonably good" but he did not rule out the possibility that underwriters had been left with positions and said "We knew that with £50m we were squeezing it a bit." The bond carries a 13.5 per cent coupon for 10 years.

Swiss Franc bond prices fell again yesterday, by an average of ¼ per cent on expectations that Swiss Franc eurocurrency rates are about to rise.

A SwFr 50m five year private placement has been arranged by Union Bank of Switzerland for Daiwa House. The borrower is paying a coupon of 5¼ per cent.

Swiss Bank Corporation has arranged a private placement of SwFr 80m worth of four-year subordinated capital notes for Skandinaviska Enskilda Banken. The borrower is paying a coupon of 5¼ per cent for these notes which have been priced at par.

The Deutsche Mark sector of the Eurobond market was quiet yesterday with little reaction to the calendar of new issues amounting to DM 740m announced by the capital markets sub committee on Monday. In early pre-market trading the new issue for Sweden was quoted at a discount of 1-1.

AMERICAN QUARTERLIES

ABBOTT LABORATORIES

Fourth quarter	1979 $	1978 $
Revenue	470.7m	396.1m
Net profits	53.78m	45.01m
Net per share	0.89	0.75
Year		
Revenue	1.68bn	1.45bn
Net profits	178.98m	148.62m
Net per share	2.97	2.48

ARMSTRONG CORK

Fourth quarter	1979 $	1978 $
Revenue	330.4m	312.7m
Net profits	12.73m	12.65m
Net per share	0.51	0.49
Year		
Revenue	1.34bn	1.24bn
Net profits	66.04m	61.12m
Net per share	2.50	2.36

ATLANTIC RICHFIELD

Fourth quarter	1979 $	1978 $
Revenue	5.05bn	3.27bn
Net profits	342.96m	222.57m
Net per share	2.78	1.82
Year		
Revenue	16.8bn	12.7bn
Net profits	1.17bn	804.33m
Net per share	9.48	6.60

AVCO

Fourth quarter	1979 $	1978 $
Revenue	520.6m	462.8m
Net profits	31.2m	27.7m
Net per share	1.77	1.89
Year		
Revenue	1.93bn	1.73bn
Net profits	132.3m	122.7m
Net per share	8.56	8.96

B. C. FOREST PRODUCTS

Fourth quarter	1979 C$	1978 C$
Revenue	220.0m	200.9m
Net profits	26.2m	23.0m
Net per share	1.72	1.51
Year		
Revenue	800.0m	704.1m
Net profits	96.7m	69.0m
Net per share	6.35	4.53

BRISTOL-MYERS

Fourth quarter	1979 $	1978 $
Revenue	708.7m	630.9m
Net profits	61.7m	55.2m
Net per share	0.93	0.84
Year		
Revenue	2.75bn	2.45bn
Net profits	231.5m	203.0m
Net per share	3.50	3.08

CLARK EQUIPMENT

Fourth quarter	1979 $	1978 $
Revenue	453.3m	413.8m
Net profits	23.37m	23.11m
Net per share	1.79	1.69
Year		
Revenue	1.7bn	1.5bn
Net profits	106.14m	83.23m
Net per share	8.03	6.08

CONOCO

Fourth quarter	1979 $	1978 $
Revenue	3.8bn	2.8bn
Net profits	190.7m	155.2m
Net per share	1.77	1.45
Year		
Revenue	13.1bn	9.9bn
Net profits	815.4m	451.3m
Net per share	7.58	4.20

CONSOLIDATED FREIGHTWAYS

Fourth quarter	1979 $	1978 $
Revenue	447.3m	402.5m
Net profits	18.22m	20.04m
Net per share	1.40	1.55
Year		
Revenue	1.72bn	1.29bn
Net profits	65.88m	62.01m
Net per share	5.06	4.82

CRANE COMPANY

Fourth quarter	1979 $	1978 $
Revenue	400.4m	305.6m
Net profits	13.45m	10.3m
Net per share	1.35	1.01
Year		
Revenue	1.57bn	1.23bn
Net profits	55.03m	35.36m
Net per share	5.50	3.44

DETROIT EDISON

Fourth quarter	1979 $	1978 $
Revenue	406.7m	398.1m
Net profits	31.26m	32.04m
Net per share	0.42	0.49
Year		
Revenue	1.7bn	1.59bn
Net profits	132.57m	108.81m
Net per share	1.90	1.76

FOREMOST-McKESSON

Third quarter	$ 1979	$ 1978
Revenue	995.9m	879.2m
Net profits	19.44m	17.26m
Net per share	1.29	1.22
Nine months		
Revenue	2.73bn	2.43bn
Net profits	50.43m	41.38m
Net per share	3.39	2.91

HAMMERMILL PAPER

Fourth quarter	1979 $	1978 $
Revenue	352.0m	298.8m
Net profits	13.7m	10.5m
Net per share	1.75	1.34
Year		
Revenue	1.08bn	912.3m
Net profits	35.0m	26.1m
Net per share	4.47	3.35

HARVEY HUBBELL

Fourth quarter	$ 1979	$ 1978
Revenue	93.1m	81.5m
Net profits	6.99m	6.69m
Net per share	1.13	1.08
Year		
Revenue	362.4m	280.2m
Net profits	26.78m	20.52m
Net per share	4.32	3.51

MILTON BRADLEY

Fourth quarter	1979 $	1978 $
Revenue	126.0m	90.2m
Net profits	11.56m	7.95m
Net per share	1.77	1.23
Year		
Revenue	360.1m	260.0m
Net profits	29.92m	20.26m
Net per share	4.59	3.14

OWENS-ILLINOIS

Fourth quarter	1979 $	1978 $
Revenue	925.1m	812.7m
Net profits	34.49m	29.7m
Net per share	1.18	1.01
Year		
Revenue	3.5bn	3.11bn
Net profits	133.45m	108.23m
Net per share	4.56	3.71

PENNZOIL

Fourth quarter	1979 $	1978 $
Revenue	603.1m	447.7m
Net profits	73.2m	43.1m
Net per share	1.43	0.85
Year		
Revenue	2.1bn	1.5bn
Net profits	238.5m	128.2m
Net per share	4.69	2.49

SAFECO

Fourth quarter	1979 $	1978 $
Revenue	309.0m	272.4m
Net profits	38.95m	33.98m
Net per share	1.99	1.72
Year		
Revenue	1.21bn	1.08bn
Net profits	137.67m	125.5m
Net per share	7.01	6.34

SHELL CANADA

Fourth quarter	1979 C$	1978 C$
Net profits	81.0m	45.0m
Net per share	0.80	0.44
Year		
Net profits	243.0m	150.0m
Net per share	2.42	1.49

WESTERN AIRLINES

Fourth quarter	1979 $	1978 $
Revenue	229.0m	199.0m
Net profits	8.4m	†3.1m
Net per share	0.60	†0.29
Year		
Revenue	932.0m	835.0m
Net profits	41.5m	38.5m
Net per share	2.99	2.82

† Loss

WEYERHAEUSER

Fourth quarter	1979 $	1978 $
Revenue	1.12bn	1.08bn
Net profits	109.5m	95.12m
Net per share	0.85	0.74
Year		
Revenue	4.42bn	3.8bn
Net profits	512.24m	371.14m
Net per share	4.02	2.85

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month.

Closing prices on January 29

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Alcoa of Australia 10 89	60	86⅝	87⅛	−0⅛	−1⅛	12.42
Alex Howden XW 9½ 91	30	76	77	−0⅞	+0⅞	13.67
Aquitaine Can. 11¼ 85	30	93⅞	94¼	+0⅛	−1½	12.99
Australian Res. 9¾ 84	30	89½	90	−0⅛	−1½	12.71
Avco O/S Cap. 10⅝ 87	40	78¾	79¾	−0⅞	−2¾	15.17
Beneficial Fin. 9¾ 87	100	86	86½	−0⅛	−1½	12.68
CECA Grad. Rate 12 86	100	94⅞	95⅜	+0⅛	−0½	13.07
CECA 9¾ 99	125	†77½	78	0	−1½	13.31
Canadian Pacific 9¾ 89	50	85⅜	85⅞	−0⅛	−1	12.42
Carter Hawley 9¾ 86	50	86	86½	0	−1½	13.00
Comalco Inv. E. 10⅜ 91	40	86⅞	87⅜	−0⅛	−2	12.39
Continental Grp. 9⅜ 88	100	86½	37	−0⅛	−2	12.73
Dome Petroleum 10 94	50	83	83½	0	−2½	12.54
Dominion Bridge 10⅜ 84	30	90¾	91¼	0	−2⅜	13.03
EIB 11⅜ 92	80	90⅝	91⅛	+0⅛	−3⅞	13.31
EIB 10 99	150	80⅜	81¼	−0⅛	−2⅞	13.09
EIB 10⅛ 87	100	88⅜	88⅞	−0⅛	−1⅜	12.98
EIB 10.15 99	100	81½	82½	−0⅛	−1⅞	13.07
Ekportfin 11⅛ 87	50	93⅛	93⅝	0	−1⅜	12.68
Export Dv. Cpn. 9¾ 84	100	90⅛	90⅝	+0⅛	−0⅜	12.37
Export Dv. Cpn. 9¾ 84	150	91¼	91¾	0	−0⅜	12.28
Finland 9⅝ 89	100	84¾	85⅛	−0⅛	−1½	12.80
GTE Finance 9⅜ 89	55	86⅜	86⅞	−0⅛	−1⅜	12.19
GMAC 9⅜ 86	100	86⅛	86⅝	−0⅛	−0⅜	12.44
GMAC O/S Fin. 11 84	100	95⅛	95⅝	+0⅛	−1	12.30
Gould Int. Fin. 9⅜ 85	50	88⅜	88⅞	−0⅛	−2⅜	12.92
ITT Antilles 9½ 89	75	83½	84	−0⅛	−1⅜	12.54
Kennecott Int. 9½ 86	100	84	84½	−0⅛	−1	13.32
Manitoba 9½ 89	75	82⅜	83⅛	−0⅛	−1⅛	12.74
Michelin 10 94	125	84⅛	84⅜	−0⅛	−2⅜	12.32
Nat. Des. Telecm. 9½ 86	100	87⅛	87⅝	0	−0⅜	12.39
New Brunswick 9¾ 94	75	80⅜	81¼	−0⅛	−3	12.71
Newfoundland 10 94	50	82⅞	83⅜	−0⅛	−2⅜	12.61
Norges Komm. 9⅞ 99	100	81⅞	82⅜	−3⅞	−2⅞	12.77
Norway 9½ 84	150	90½	91	0	−0⅜	12.39
Nova Scotia Pwr. 9¾ 89	50	83½	84	−0⅛	−2½	12.82
Occidental Fin. 10¼ 84	50	92	92½	−0⅛	−1⅜	12.64
Orient Leasing 9½ 86	25	87⅛	87⅝	0	−1	12.44
Pennwalt O/S F. 9¾ 84	25	89⅞	90⅜	0	−1⅛	12.81
Pepsico Cap. 9⅜ 84	100	90⅞	91⅜	−0⅛	−0⅜	12.20
Quebec Hydro 10 99	75	80⅛	80⅝	−0⅛	−2⅜	12.76
Sears Roebuck 9 82	150	93⅛	93⅜	+0⅛	−0⅛	12.80
Statoil 9⅜ 89	100	84⅞	85⅜	−0⅛	−1⅛	12.37
Sweden 9⅜ 89	100	84⅞	85⅛	−0⅛	−1⅛	12.59
Sweden 9½ 86	200	88⅜	88⅞	−0⅛	−1⅛	12.49
Sweden 9⅜ 84	100	91⅛	91⅝	0	−0⅜	12.26
Unilever NV 9¾ 87	100	85⅞	86⅜	−0⅛	−1⅛	12.19
Warner-Lambert 9 84	100	90	90½	0	−0½	11.93

Average price changes... On day −0⅛ on week −1½

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
African Dev. Bk. 8 87	100	97¾	98¼	0	+0⅛	8.35
Argentina 7½ 89	150	90¾	91½	−0½	−0⅞	8.94
Asian Dev. Bk. 7⅜ 89	100	92½	93	−0⅛	−0⅞	8.40
Barclays O'seas 6¾ 89	100	90⅝	91⅛	0	−0⅞	8.19
Brazil 8 87	150	93⅞	94⅜	−0¼	0	9.12
CECA 7 91	150	92⅞	93⅜	−0½	−0⅜	8.00
Council of Eur. 7⅜ 89	100	94½	95¼	+0⅛	+0⅛	8.05
EEC 7⅞ 94	225	97¾	98	−0⅛	−0⅛	8.15
EIB 7½ 89	200	96⅜	96⅞	−0⅛	−0⅜	8.04
Finland, Rep. of 8 86	150	98⅞	99⅜	+0⅛	+0½	8.14
Kobe, City of 7⅜ 89	150	95⅜	96⅜	−0⅛	−1	7.72
Mitsubishi Chem. 6½ 84	70	96⅜	97⅜	−0⅛	0	7.33
Neder. Gasunie 8 86	100	102⅜	102⅞	+0⅛	0	7.49
New Zealand 7⅜ 87	200	95⅞	96⅜	0	−0⅛	7.78
Nippon Kokan 6½ 84	100	94⅞	94⅞	−0⅛	−0⅛	8.09
Nippon Tel. & T. 5½ 87	100	86⅜	86⅞	0	0	8.10
Norges Komm. 7⅜ 91	150	98½	99	−0½	−0⅜	7.93
Norges Komm. 8⅜ 94	150	†100⅝	101⅛	0	+0⅛	8.16
Norway 6¾ 84	200	95½	96	−0⅛	−1⅛	7.59
OKB 6 [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
OKB 7 [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Tokyo [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
World Bank [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
World Bank [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Average price changes... On day [illegible] on week [illegible]

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Argentina [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Aumar [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Australia [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Bergen, [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
BNDE [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
BMW O[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Caisse [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Canada [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Copenh[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Council [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EIB 4½ [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EIB 4¾ [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Elet. de [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
GZB 4[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Hilti 4[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
ICI Fin. [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Int.-Am[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Malaysi[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nippon [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nordic [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Norges [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
OKB 5[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
OKB 4[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Oslo, C[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Shikoku [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Spain 4[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Stewaag [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Voest-A[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
World Bank [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
World Bank [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
World Bank [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Average price changes... On day [illegible] on week [illegible]

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Australia [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EIB 7½ [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Finland [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Finland [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Average price changes... On day 0 on week [illegible]

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Avco Fin. 10½ 86 C$	25	85⅜	85⅞	+0⅛	−2⅜	13.81
Bell Canada 10⅜ 86 C$	60	89½	90	+0⅛	−2⅜	13.11
Cr. Foncier 10¾ 84 C$	30	89⅝	90½	0	−0⅜	13.32
Ex. Dev. Cpn. 10 84 C$	50	90⅝	91⅛	+0⅛	−1⅛	12.81
Fst. Can. Inv. 10 84 C$	50	88½	89⅛	−0⅛	−2	13.54
Hudson Bay 10½ 89 C$	60	88⅜	88⅞	+2⅞	−0⅜	12.61
Quebec 10¼ 86 C$	50	88⅜	89½	0	−1⅜	12.87
R. Bk. Canada 10 86 C$	40	89	89½	−0⅛	−2½	12.54
R. Bk. Canada 10 94 C$	40	83	83⅞	−0⅛	−1½	12.54
Copenhagen 8¾ 91 EUA	20	96⅜	98⅜	0	0	8.84
M. Bk. Dnmk. 9 91 EUA	25	96	97	0	−0⅛	9.59
SOFTE 8¾ 89 EUA	40	88⅜	89⅜	−0⅛	−0⅛	10.18
Algemene Bk. 8¼ 84 Fl	75	97¼	97⅞	−0⅛	−0⅛	8.91
Ned. Gasunie 8¾ 84 Fl	50	98½	99	0	0	9.08
Ned. Middbk. 8⅜ 84 Fl	75	96½	97	0	−0⅛	9.21
Norway 8¾ 84 Fl	100	96	96½	0	0	9.37
Norway 8¾ 84 Fl	100	96	96½	0	0	9.25
Philips Lamps 8¾ 84 Fl	75	96½	97	−0⅛	−0⅞	9.26
Air France 11 84 FFr	120	97⅜	98⅛	+0⅛	−0⅛	11.58
Euratom 9¾ 87 FFr	150	85⅞	86⅞	+0⅛	+0⅛	12.68
Finland 11 84 FFr	80	95	96	0	−0⅞	12.28
Finland 11½ 89 FFr	70	94½	95⅛	+0⅛	0	12.46
Gaz de France 11 84 FFr	150	97⅜	98⅛	−0⅛	−0⅛	11.65
IBM France 11⅞ 84 FFr	120	96⅜	97⅛	0	−0⅛	12.72
Renault 9¾ 85 FFr	100	88½	89⅛	−0⅛	−0⅛	12.67
Saint-Gobain 9¾ 86 FFr	120	85½	86⅛	0	−0⅛	13.16
Solvay et Cie 9¾ 87 FFr	125	83⅛	84⅛	0	+0⅛	13.40
Total Oil 9⅜ 87 FFr	150	83	84	+0⅛	0	13.06
EIB 11½ 91 £	25	86⅛	87⅛	−0⅛	−0⅛	13.85
Finance for Ind. 13 91 £	15	96½	97⅛	+0⅛	+0⅛	13.54
Fin. for Ind. 12½ 89 £	30	93⅛	93⅞	−0⅛	−1½	13.73
Gen. Elec. Co. 12¼ 89 £	50	93½	94⅛	−0⅛	−1⅛	13.70
Indonesia 8¼ 91 KD	7	†92⅞	93⅝	0	−0⅛	9.76
Mitsubishi 7½ 84 KD	10	†95⅜	96⅛	0	0	8.69
Norges Kom. 7½ 89 KD	12	†93⅜	93⅞	0	0	8.51
Occidental 8¼ 91 KD	7	†90⅛	90⅝	0	0	9.86
Akzo 9¼ 87 LuxFr	500	94⅞	95⅞	0	0	10.12
Euratom 8 87 LuxFr	500	90⅜	91⅜	0	−0⅛	9.76
Euratom 9¾ 88 LuxFr	500	99	100	0	−0⅛	9.84
Oslo, City of 8 89 LuxFr	500	90½	91½	0	+0⅛	9.50
Volvo 9¾ 87 LuxFr	500	98⅜	99⅜	+0⅛	+0⅛	10.00

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Allied Irish Bk. 5¼ 87	0¼	97⅜	98⅛	2/7	15⅜	15.43
Banco di Roma Int. 6 87	0⅛	99½	100	26/4	15⅝	15.79
Banco Urquijo 6 86	0⅛	97⅜	97⅞	21/3	13⅜	13.70
Bank of Ireland 5¾ 89	‡0⅛	97⅛	97⅞	21/2	15.69	16.07
Bank of Tokyo 5⅛ 89	‡0⅛	97½	98	25/4	14.56	14.90
Barclays O/S Inv. 5 90	0⅛	97	97½	13/6	14⅛	14.65
Bergen Bk. A/S 6 89	‡0⅛	96⅜	97	29/2	14.31	14.79
Bque. Indo Suez 5⅛ 89	0⅛	98⅝	98⅞	11/7	14.69	14.91
Citicorp O/S F. 6 94	‡0⅛	98⅛	99⅛	8/3	14.44	14.60
Citicorp O/S F. 83	§40	99⅜	100⅛	23/2	15⅛	15.14
Citicorp O/S F. 84	‡0	99⅜	99⅝	29/2	15	15.08
Co-operative Bk. 6 86	0⅛	97⅝	98⅛	15/5	15.06	15.39
Creditanstalt 5½ 91	§‡0⅛	96⅛	96⅝	14/3	14⅞	15.10
CNT 5⅛ 86	§0⅛	99⅜	99⅞	18/4	15.19	15.24
GZB 5½ 89	‡0⅛	98⅜	98⅞	1/2	16.19	16.43
Jugobanka 8 89	0⅝	92	93	23/5	16	17.30
Ind. Bank Japan 5¾ 87	0⅛	97	97½	15/4	14⅛	14.65
LTCB Japan 5¼ 86	0⅛	97¼	97¾	13/6	14⅛	14.62
LTCB Japan 5½ 89	0⅛	97⅜	97⅞	7/8	14.19	14.57
Mfrs. Han. O/S 5⅛ 94	‡0⅛	98⅜	98⅞	29/2	13.81	14.01
Midland Intl. Fin. 5 89	[illegible]	99⅝	100⅛	20/6	15	15.02
Nacional Fin. 6⅛ 86	0⅛	97⅝	98⅛	25/7	14.66	14.99
Nat. West. 5⅛ 94	§0⅛	97⅜	98⅛	11/4	14.94	15.24
Nippon Cred. Bk. 6½ 86	0⅛	97⅛	97⅝	12/7	14.34	14.81
Royal Bk. Scot. 5⅛ 94	§‡0⅛	98⅛	98⅝	11/4	14⅝	14.85
Soc. C. de Bque. 6½ 87	0⅛	96⅛	96⅞	3/4	13⅝	13.71
Sogenal 5⅛ 89	§0⅛	96⅜	97⅛	13/7	14.48	14.90
Sweden 8¼ 91	‡0⅛	97⅛	97½	18/3	14.46	14.81
TVO Pwr. 8 91 (D-lock)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Bq. E. d'Alg. [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Average price changes... On day 0 on week [illegible]

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
AGA Aktiebolag [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Alco Int. Fin. [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Asahi Optical [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Canon [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ciba-Geigy O/S F. [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Credit Suisse [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Daiei Inc. [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Isetan [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Honda Motor [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
LPC Internatl. [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Marubeni [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Mitsubishi Cp. [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nitto Elec. Ind. [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Toshiba Cpn. [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Union Bk. Switz. [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Fujitsu [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Kansai Elec. [illegible] DM	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Tokyo Ld. Co. [illegible] DM	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Uny Co. [illegible] DM	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. [illegible]

Convertible Bonds: [illegible]

Jam today if you want oil tomorrow

Attitudes towards oil industry profits are changing in the wake of events in Iran and Afghanistan, reports David Lascelles from New York

THE U.S. oil industry was back on the defensive last week, as it announced record earnings for 1979. Bruised by the waves of public indignation that greeted its soaring profits in earlier quarters, it cranked up a massive public relations campaign to justify and explain what was going on.

Companies took out full page advertisements with pie charts showing where the profits came *from* and *where* they were going. Exxon's chairman and top executives even held a long Press conference to explain why it was a good thing, not a bad one, that the world's largest oil company should have made a profit over $4bn in 1979.

No doubt the public, battered by rising petrol and heating oil prices, will be deeply sceptical of the offered explanations. But it is probably true that the politicol crisis over *oil* profits is passing. For one thing, the windfall profits tax proposed by President Carter to cream off the oil industry's extra earnings from oil price increases is now virtually through Congress, dan will shortly cease to be a topic for acrimonious debate.

Vulnerability

For another, the crises in Iran and Afghanistan have sharpened public awareness of the vulnerability of the U.S. to foreign oil supplies—which now account for just under half of total consumption. With any luck, the oil companies reason the public will soon perceive that the energy industry must be given a financial incentive to explore at home if dependence on imports is to be reduced.

Last year could, therefore, turn out to be a landmark in U.S. energy history. Apart from changing public perceptions, it may also usher in a period where the oil industry's financial returns rise to levels at which an adequate energy future can be financed. This is certainly the view of the stock market, which treated oils as glamour issues throughout 1979 on the expectation of sharply higher returns.

Profit increases last year were strong, to put it mildly, and in many cases truly spectacular. Sohio, BP's U.S. subsidiary, reported an increase of 163 per cent, from $450m to $1.2bn, a rise which propelled it into the ranks of the industry giants. *Elsewhere*, there had to be special reasons if a company did not record an earnings gain of at least 50 per cent.

Low returns

The oil companies themselves prefer, however, to play down profits in favour of two other points: capital investment and return on equity.

The oil industry has long argued that its return is below the industry average, a claim which is borne out by independent studies. Typically, the industry's return has run around 15 per cent, with the smaller companies above this level and the larger below. That is now changing, however.

Most oil majors increased their return on shareholders' funds by 4 to 6 percentage points in 1979. Exxon was up from 16 to 20 per cent, and Mobil from 13 to 21 per cent. Gulf, traditionally among the less profitable in the oil league, managed to rise from 10.5 to 16 per cent.

But even these impressive gains do not wholly satisfy the industry. Exxon points out that these increases on equity earnings are to some extent illusory, since they are nominal rather than real. Adjusted for inflation, Exxon calculates, its return was not 20 per cent but 11.3 per cent, which is better than the dismal 7.7 per cent earned in the depths of 1977, but nevertheless, below the 12.8 per cent of 1973. Exxon said that the adjustment was made in the form of standards laid down by the Financial Accounting Standards Board.

Mr. Clifton Garvin, chairman, comments: "Such developments are of concern because of the need to generate funds for the large investment that will be required in the years ahead."

Several common themes emerge from earnings reports. One is that it is easier to earn profits marketing oil products abroad than in the U.S., mainly because of the absence or weakness of price controls in most overseas markets. Texaco, Gulf, Mobil, Standard Indiana (Amoco), Exxon and many others go out of their way to emphasise that overseas earnings rose faster than U.S. earnings.

Their stress on this distinction is largely political, since it meets criticism at home that they have been exploiting the U.S. consumer. But it is also clear that U.S. price controls, *while easing, still influence the* market strongly. Exxon actually reported a loss of $67m on its U.S. refining and marketing business.

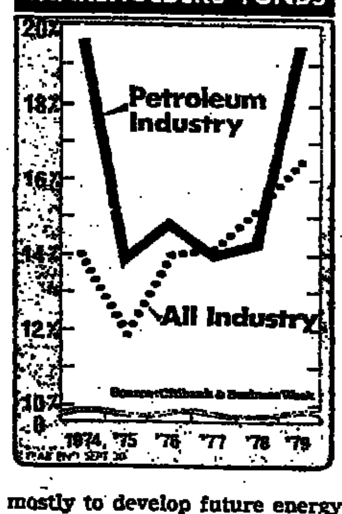
Gain wiped out

Members of the Saudi Arabian consortium also claimed that their so-called "Aramco advantage" had been wiped out by retroactive price increases. Although they obtained their oil at $18 a barrel against an OPEC price of at least $24 for much of the year, two Saudi price increases, in mid-summer and early winter, annulled the gain.

Against this, Iran's refusal to supply oil to U.S. companies forced them to make up supplies on the more costly spot markets. So they found themselves squeezed from both sides.

The oil majors are also keen to stress the volume of investments they plan for 1980,

RETURN ON SHAREHOLDERS' FUNDS



mostly to develop future energy sources. Exxon expects to spend a record $7.5bn, up from $6.9bn last year. *In real terms*, this represents little or no increase, a point quickly seized by critics of Exxon's earnings. Bigger outlay increases are, however, planned at other companies: Mobil 20 per cent, Sohio 55 per cent and Gulf 25 per cent.

Oil industry executives say these outlays would be higher still were it not for the windfall profits tax. They have, however, accepted the inevitability of this tax as the price for decontrol of oil in the U.S., and they are reluctant to argue about it any more.

Broadly, the Bill now emerging from Congress will penalise existing oil production at 70 per cent but give incentives for new or enhanced production by levying tax on this category of oil at the much lower rate of 30 per cent.

The oil industry has entered the 1980's facing perhaps the greatest uncertainties it has ever known. Price prediction has become virtually impossible, events in the Middle East have taken a sharp turn for the worse, and the state of the U.S. economy continues to baffle all and sundry.

Mr. Thornton Bradshaw, president of Atlantic Richfield, says that the energy industry is facing "the most extraordinary collection of imponderables that I've ever seen in a January."

Yet energy is now a national priority, and this fact alone, the oil industry argues, is reason enough for it to start out the decade financially strong.

Enskilda lifts dividend despite falling short of profits target

BY VICTOR KAYFETZ IN STOCKHOLM

PRE-TAX EARNINGS at Skandinaviska Enskilda Banken (SEB) fell short of the 10 per cent growth in 1979 results predicted in its eight-month report, but the Board proposes to raise the dividend by SKr 1.25 to SKr 10.25, for a payout of SKr 155.9m ($37.48m) compared with SKr 136.9m last year.

Earnings for 1979 totalled SKr 850m ($205m) or 7.8 per cent higher than the SKr 788.4m recorded for 1978. The latter figure represents the previously published figure of SKr 810m adjusted downward for changes in accounting of estimated credit losses. These became effective in 1979 and are included in operating costs.

The change in accounting methods makes comparison with the interim reports difficult, but using the old system SEB had reported eight-month earnings of SKr 632m, up 30 per cent from January-August 1978.

The abrupt slowdown in growth of earnings was probably due to the fact that the Riksbank (central bank) raised the discount rate during the second half of the year from 6.5 per cent to 9 per cent. The Riksbank also increased commercial bank liquidity ratios to 38 per cent and cash requirements to 6 per cent. In January, the Riksbank raised the discount rate to 10 per cent.

Additional factors are the failure of long-term lending rates and interest on the government bonds being bought by the banks to finance Sweden's heavy state budget deficit to follow the discount rate. Finally, the commercial banks have been competing hard during the past several months by offering high deposit interst rates for small savers.

Income at SEB rose 8.9 per cent to SKr 2.13bn during 1979. This included a 12.7 per cent jump in net interest income, whereas income from commissions, fees and currency trading rose less than 2 per cent.

The bank showed cost increases totalling 9.7 per cent. The year-end balance sheet was up 22.1 per cent to SKr 63.5bn. Deposits were 7.8 per cent higher at SKr 32.5bn while the bank's leading rose 18.5 per cent to SKr 32.9bn.

SEB had net extraordinary income of SKr 21.7m, against a 1978 net loss of SKr 46.7m. Payments to the employees' profit-sharing trust were SKr 7.8m, down from SKr 24.2m.

The bank's final result before appropriations and taxes was SKr 871.7m, an improvement of 17.5 per cent over 1978. Net profit was 21.7 per cent higher at SKr 192.9m.

The SEB group, including the bank's finance and property subsidiaries and its majority-owned foreign units, showed an 8.4 per cent rise in pre-tax earnings to SKr 1.01bn.

Rights issue from Hoechst

By Guy Hawtin in Frankfurt

HOECHST, one of West Germany's "big three" chemical groups, yesterday announced a surprise rights issue—to raise DM 316.8m ($182.5m)—and indicated that dividend for 1979 would rise from DM 6 per share to DM 7.

The group's results for the year are not yet available, but Hoechst's profits have certainly followed the course of the other chemical majors. At the end of the first nine months of 1979 the group profits had risen to DM 1.2bn compared with DM 830m, on sales 10 per cent higher at DM 19.8bn.

The rights issue represents an offer of 3.52m shares of DM 50 nominal on a 1-for-12 basis at DM 90 each. This compares with a current trading price of DM 121 per share. The issue will increase group capital from DM 1.85bn to DM 2.03bn.

Hoechst explained that the capital increase had to be seen in connection with the company's worldwide investments in 1979 and 1980 which amount in each year to around DM 1.8bn. Both Bayer and BASF denied yesterday that they had plans for capital increases in the foreseeable future.

One of the largest chemical groups in the world, Hoechst has products covering a wide range. Its major divisions are synthetic resins and paints (14 per cent or so of sales) and pharmaceuticals (16 per cent).

In 1978 domestic turnover accounted for around a third of the sales total, with the rest of the EEC taking 20 per cent and North America 10 per cent.

Emminger hits at bank reserves move

NEW YORK — Herr Otmar Emminger, the former president of the Bundesbank, told New York bankers that he has grave doubts whether the imposition of reserve requirements on international banks is practical.

Any unilateral move to impose reserve requirements on the international banks of one nation, like the U.S., would result in its banks being put at an unfair advantage.

He added: "I doubt whether there is going to be a start at all on the question of reserve requirements for international banks."

Emphasis had switched to attempting to limit Eurocurrency market growth by focussing on the control of the ratio of banks' capital assets to their lending, said Dr. Emminger.

Agencies

Amfas funding plan

BY OUR FINANCIAL STAFF

DUTCH insurance group Amfas plans to raise Fl 114.5m ($60m) through new issues of equity and debt following a rise in after tax income for 1979 of 15 per cent to Fl 39.5m.

The company is to ask shareholders for the equivalent of $21m via a one-for-five rights issue at Fl 99 a share. A placing of seven-year bonds with a coupon of 9¾ per cent completes the funding programme.

Amfas's net income last year improved to Fl 39.5m from Fl 34.3m, right in line with the management forecasts of December. Revenues rose by 18 per cent to Fl 1.4bn, and the company is lifting dividend from Fl 6.50 a share to Fl 7.20.

The year's premium income increased to Fl 866m from Fl 758m, or by just under 15 per cent.

Subscription date for the bond placing is February 6, and the price of the bonds will be set two days before this, with payment due March 3.

● Philip's French subsidiary Telecommunications Radioelectriques et Telephoniques, has concluded "an accord" with Harris Semiconductors of the U.S.

Under the agreement, Harris is to develop and manufacture new-generation integrated circuit telephone subscriber switchgear. The circuit will constitute the basis for all digital electronic telephone exchanges and will be based on a design patented by TRT.

Sales at TRT last year totalled FFr 880.8m, an increase of 9.7 per cent on the 1978 figure of FFr 882.7m.

TRT provisionally estimated its 1979 consolidated sales at FFr 1.05bn, up 6 per cent from FFr 990.5m in 1978.

London branch for Austrian bank

BY PAUL LENDVAI

ZENTRALSPARKASSE und Kommerzialbank, the largest Vienna-based savings bank, has opened a representative office in London, the first Austrian savings bank to do so in a bid to forge closer links with what Dr. Karl Vak, director-general, yesterday called "the foremost financial centre in the world."

Speaking at the formal opening, Dr. Vak stressed that the bank seeks to provide intensified contacts for its clients with potential British and foreign business partners. The UK is Austria's fourth largest trading partner.

Zentralsparkasse is Austria's fourth largest bank with a consolidated balance sheet registering a 20 per cent jump to a peak of Sch 92.9bn last year. The expansion of foreign business was particularly pronounced: the share of foreign business between 1976 and 1979 trebled to 15 per cent of the group total, of which 60 per cent is *accounted for by Middle Eastern* trade.

The bank already has a foreign representative office in Milan. It has 135 branches in Austria, with 98 operating in Vienna. Every third Viennese company does business with Zentralsparkasse and every second household in the federal capital is a customer.

Turning to the general economic situation in Austria, Dr. Vak pointed to Austria's excellent economic performance last year, with the GNP growth totalling 5 per cent in real terms against the OECD average of 3 per cent.

This year economic growth, as in the rest of the West, will slow down to 2.5 per cent. Dr. Vak has stressed the importance of maintaining the strength of the Austrian schilling by giving priority to the task of stabilisation based on an incomes policy supported by both sides of industry.

OK TEDI NEGOTIATIONS

Wrestling with gold fluctuations

BY PHILIP BOWRING RECENTLY IN PORT MORESBY

WHILE THE gold price has been performing its acrobatics of past days, two senior executives of the British merchant bank, N. M. Rothschild and Sons have been in Port Moresby to advise the Papua New Guinea Government on its final negotiating stance on the nation's biggest ever project — the Ok Tedi copper/gold mine.

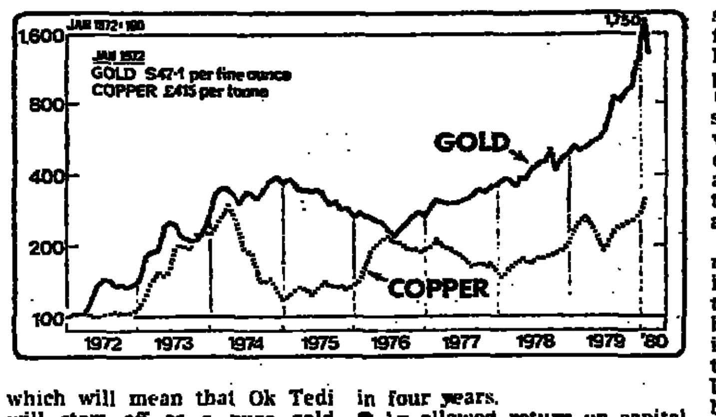
The PNG Government is due by the end of this month to respond to detailed proposals put forward by an Australian-German-U.S. consortium formed to exploit the Ok Tedi deposit.

At 1979 prices, investment would be about U.S.$800m. The rise in the gold price—assuming it does not drop back to U.S.$200 as quickly as it rose—and the firming of copper prices after a sustained downturn—now make it almost certain that Ok Tedi will go ahead, and probably soon.

But violent price movements, and the difficulty of establishing a yardstick for assessing the medium-term average price of gold, present advisers and negotiators on both sides with extraordinarily complex problems. The consortium, which is being advised by the Bank of America, used a gold price of under U.S.$200 an ounce for the purposes of its detailed proposal, submitted late last year.

The Ok Tedi high grade copper deposit is in one of the remotest parts of the world, in the Star Mountains in the very centre of the island of New Guinea and close to PNG's border with the Indonesian province of Irian Jaya. It was originally discovered by Kennecott, but the American company's concession lapsed in 1975 because it would not accept PNG conditions for exploitation. That was also before the extent of Ok Tedi's gold content was realised. Kennecott was replaced by the current consortium, which is owned 37.5 per cent each by Broken Hill Proprietary and Amoco, and 25 per cent by a German group comprising Metallgesellschaft, Siemens and Kabel and Metalwerke.

The financial sums are all the more complex because of the peculiar geology of the deposit.



which will mean that Ok Tedi will start off as a pure gold mine, become a copper/gold mine and in its mature phase be largely producing copper.

The cash flow forecasts in the early stages are thus highly sensitive to gold price fluctuations, affecting borrowing requirements, depreciation and a host of other factors. To make matters more complicated the PNG Government sees Ok Tedi as an eventual major source of internal revenue. But questions arise as to whether it wants the Ok Tedi revenue earlier than the end of the decade, as originally estimated, and whether it wants to maximise its return or to maximise the stability of its earnings.

The PNG Government cannot be displeased at higher prices strengthening its negotiating hand, but it may be somewhat galled that the careful planning which it put into providing a legal and financial framework for the project may have been overtaken by events in the gold markets.

The main provisions of this framework were that:

- The consortium would make a proposal on a turnkey basis, including all major infrastructure.
- The Government would have the option to take up to 20 per cent of the equity in the consortium, the same percentage that it has in the Rio Tinto-Zinc group's Bougainville Copper.
- Accelerated depreciation would — provided there was sufficient cash flow—allow capital expenditure to be written off in four years.
- An allowed return on capital of 20 per cent after tax, or 10 per cent above the U.S. Triple A bond rate.
- Return above 20 per cent taxed at 70 per cent gross, giving an effective marginal rate of 58 per cent.
- Flat royalty of 1.25 per cent of fob value.
- Maximum ordinary tax rate of 35 per cent during the period of recovery of investment. Thereafter, the prevailing PNG profits tax rate, currently 36.5 per cent.

The main provisions are similar to those in the agreement between the Government and Bougainville Copper as renegotiated in 1975. That agreement is up for review soon, but no significant changes are expected.

The Ok Tedi project has three stages, dictated by the geological conditions. The deposit has a cap from which the copper ore has been leached by tropical rain, leaving rock with an average gold content of three grams per ton.

For the first three years, only gold would be mined. With treatment of 15,000 tons of ore a day, gold production would be 400,000 ounces a year.

The next stage, lasting two years, would see copper being mined at 22,000 tons a day with gold continuing at the earlier rate. The final stage would see the separate gold operation phased out and copper ore throughput raised to 45,000 tons a day. The average grade would be close to one per cent. Because a big part of the capital costs lie in infrastructure, the capital spending for the first stage will probably be about US$500m out of the project total of US$800m. Originally the gold cap was seen as a sweetener which would help cash flow in the early years and enable advantage to be taken of the accelerated depreciation allowed.

But at US$600 an ounce the mine would earn nearly enough in its first stage to cover all the capital costs—which would be reduced by lower capitalised interest charges as second and third stage spending could be largely financed without borrowings.

Though no one can assume that gold will stay anywhere near U.S.$600 an ounce, let alone US$800, the PNG Government will still have to do some guessing, as the price will affect not just its own earnings but its approach to two basic financing questions still to be hammered out with the consortium.

The first is the extent to which the project will be financed by borrowings. The consortium has been thinking in terms of a 65:35 debt to equity ratio. But the Government may now want a smaller debt proportion.

The second question is that of infrastructure. Though the consortium was expected to present a complete proposal, the Government may want to build some of the facilities itself and to charge a user fee. The major items are a township near the mine site, a road, and a river port on the upper Fly River where barges will be loaded with concentrate and towed to Port Moresby, where a deepwater berth will be constructed for bulk carriers.

Yet another question raised by the gold price is whether the Government will use high gold prices to argue for a substantial lowering in the cut-off grade for ore.

Despite the complications introduced by gold price fluctuations, both sides seem determined to push ahead with the project. They hope to complete negotiations by the end of February and to bring the first stage into production 18 months later.

New Iran banking system in operation

By Andrew Whitley

IRAN'S new banking system is now fully operational, Mr. Ali Reza Nowbari, the Governor of the Central Bank, said yesterday. This follows the nationalisation of all the country's privately-owned banks last June.

The new system will comprise eight banks, including three which existed previously. These are Banks Melli, Sepah and Saderat, which between them have over three-quarters of the country's bank branches.

Corresponding banks in London have been informed of the establishment of two new banks grouping together 20 of those taken over. No particular pattern is discernible in the way the 20 have been divided up, apart from perhaps the need to have an equal division of sizes and financial strength.

The new Bank Mellat (Nation's Bank) groups together the former International Bank of Iran, Bank Bimeh Iran, Bank Darius, the Distributors' Cooperative Credit Bank, the Iran-Arab Bank, Bank Omran, Bank Pars, the Bank of Tehran and the Foreign Trade Bank of Iran.

Mr. Nowbari gave welcome relief yesterday to Chase and other foreign banks which had had shareholdings in Iranian banks when he confirmed that compensation would be paid. He said accountants were calculating the net worth of the banks concerned and payments would be awarded as soon as the results were known.

In the second new bank, Bank Tejarat (Trade Bank), are the former Bank Bazargani Iran, the International Bank of Iran and Japan, the Credit Bank of Iran, the Iranians' Bank, Bank Iranshahr, the Irano-British Bank, the Bank of Iran and the Middle East, Bank Kar, Bank Sanaye Iran, Bank Shahriar and the Mercantile Bank of Iran and Holland.

International commerce had formed an important part of the business of most, but not all, of these 11 banks. The names and identities of the three other banks in the new system were not disclosed yesterday.

Advance in consolidated sales and profit at Honda

BY CHARLES SMITH, FAR EAST EDITOR, IN TOKYO

HONDA MOTOR Company, the world's leading motor cycle maker, and one of Japan's middle range motor manufacturers, has announced consolidated net sales of $3.9bn (Y970.95bn) for the first nine months of its current fiscal year. The figure was a "considerable" increase on last year's sales, Honda says, but no direct comparison is possible because Honda has not previously published quarterly (or three-quarterly) business results. Net profits for the first nine months of the fiscal year came to $75m (Y18.58bn), also a substantial rise on the year-ago figure.

Honda attributes the improvement in its sales figures mainly to higher overseas sales "especially in the key American market." Some 69 per cent of its total sales for the period was made abroad. Overseas sales for the nine months exceeded the total for the whole of the previous 12 months period ($2.7bn as compared with $2.67bn in the years ending February 28, 1979). Sales in the Japanese market, which accounted for 30 per cent of Honda's turnover, grew more slowly than overseas sales.

Honda says that its consolidated net profit figures would have ben higher but for the effects of FASB8, the controversial U.S. accounting regulation, on foreign currency adjustments. It adds that the high level of the tax provision made during the third quarter in relation to consolidated income also reflects the distorting effects of FASB. Honda is one of several Japanese companies the business results of which have been affected by FASB8. Another notable victim of U.S. accounting regulations is Sony Corporation.

Honda's dollar-denominated business results were converted from yen figurez at a rate of one dollar equals Y249 (the rate prevailing on the final day of the business period). The company is one of several major Japanese motor manufacturers whose American sales have grown extremely quickly in recent months, partly because of the impact of a weak yen on export prices and partly because of unsatisfied demand for small cars in the U.S. market. Honda led its larger competitors in reacting to this situation by announcing plans for the assembly of cars in the U.S.

Record results for Shiseido

BY YOKO SHIBATA IN TOKYO

SHISEIDO, JAPAN'S largest cosmetics manufacturer, has announced record sales and earnings for the fiscal year to November 30, though the earnings performances fell slightly short of their target.

Operating profits went up by 3.3 per cent to Y23.22bn ($97m) and net profits rose 5.6 per cent to Y10.27bn, on sales of Y279.63bn ($1.2bn), up 5.2 per cent on the previous fiscal year. Per share profits were Y54.29, compared with Y56.52.

The company's cosmetics sales fared well in the summer, but were hit subsequently by the long spell of rainy weather in the autumn. Heavy competition held back sales of shampoos. The company's cosmetic sales went up by 4.6 per cent, to account for 86 per cent of total sales. Sales of soaps went up by 5.5 per cent, to account for 9 per cent of the total. Sundry goods sales rose by 17.4 per cent, to make up 4 per cent of all sales.

The company has a high reputation for profitability and financial stability. Its financial balance (interest and dividends received less interest and dividends paid) showed a Y3.2bn net surplus for the year.

Cost increases, such as those in medical supplies and perfumes, were offset by the company's rationalisation measures.

For the current fiscal year, the company expects operating profits to reach Y24.2bn, up 4 per cent, and net profits Y10.7bn, also up 4 per cent, on sales of Y300bn, up 7 per cent. The company bases the earnings target on its putting stress on toiletry goods and overseas sales. Cost rises are to be covered by further rationalisation measures, not by resorting to the marking-up of prices.

Yen rise hits Nissan Australia

BY JAMES FORTH IN SYDNEY

NISSAN MOTOR Company (Australia) Pty., 100 per cent owned by the Nissan motor vehicle group of Japan, incurred a loss of A$13.4m (U.S.$14.8m) in the year to June 30, 1979. Total losses for the past two years amount to more than A$33m, but Mr. Chusi Uetani, the deputy managing director of the company, said yesterday that the group was now well on the recovery road, and had already reached "break even" point in terms of profit.

The latest deficit, he stressed, had been incurred in the first half of the trading year, when the value of the yen went to record levels against the Australian dollar. This had caused heavy rises in costs of imports from the Japanese parent.

Mr. Uetani also pointed out that the Australian car market was highly competitive in the final six months of 1978, which put further pressure on the company. Moreover, the company was feeling the effects of its big investment programme in Australia, which was only completed last month. This included the construction of a new assembly and engine plant in Melbourne, Victoria.

The group's performance, Mr. Uetani said, had improved markedly in the second half, and this had continued into the first half of the 1979-80 financial year. He pointed out that the A$13.4m loss was still an improvement on the A$20·1m deficit in the previous year. The group had been helped by the easing in value of the yen against the Australian dollar.

This result from Nissan will make an interesting comparison with that of Chrysler Australia, which is due to report its 1979 results within the next few weeks. The Japanese group Mitsubishi last year acquired a one-third stake in Chrysler with an option to lift its holding later to a controlling interest. Chrysler, which has lost more than A$50m in the past few years, earned A$1.16m in the June half-year, the first profit since the 1975 June half. A major factor in the turnaround was the popularity of the Mitsubishi-designed Sigma four-cylinder vehicle.

Toyota buys out Australian operation

By Our Sydney Correspondent

THIESS HOLDINGS, the coal, civil engineering and motor vehicle group, has agreed to sell its 60 per cent controlling interest in the Thiess Toyota Company to the Japanese car group, for A$26.52m (US$29.4m). Thiess Toyota holds the franchise in Australia for distribution of Toyota and Hino commercial, and Toyota industrial vehicles.

Negotiations with Toyota started in 1978 when the Japanese group indicated it wanted to review its franchise operations which would be timed to coincide with the expiration of the existing agreement. The talks first came to light late last year amid a bitterly contested A$460m takeover bid for Thiess from the industrial and mining group, CSR. At the time Toyota, which holds about 9 per cent of the capital of Thiess, indicated that it would support the Thiess board, which was recommending rejection of the bid.

CSR, however, now holds more than 60 per cent of the capital of Thiess and the Thiess board has recommended acceptance by remaining shareholders. CSR was aware of the Thiess talks with Toyota and agreed with the decision to sell. The deal is subject to certain consents, including the approval of the Foreign Investment Review Board and is expected to be completed in March.

Provided the consents are forthcoming, the Thiess stake will be acquired by Toyota Motor Sales Company and Toyota Motor Company and will give the Japanese group 100 per cent ownership of its commercial vehicle distribution.

CURRENCIES, MONEY and GOLD

Pound improves

Sterling rose slightly while the dollar showed little change in dull foreign exchange trading yesterday. The pound opened at $2.2510-2.2520, and fell to $2.2450-2.2460 on continued nervousness about the strike by steelworkers. It is probable that the Bank of England intervened to steady the decline, and helped by some natural demand sterling improved to $2.2535 at noon.

During the afternoon the pound continued to rise, influenced by the announcement of higher Middle East oil prices, touching $2.2605-2.2615, before a general improvement by the dollar pushed sterling down to $2.2515-2.2525 at the close, a rise of 35 points on the day. Its trade-weighted index, as calculated by the Bank of England, fell to 71.4 from 71.6, after standing at 71.3 at noon and in the morning.

The dollar traded within a narrow range of DM 1.7345 to DM 1.7375 against the D-mark, and finished at DM 1.7370, compared with DM 1.7385 on Monday. It also eased slightly against the Swiss franc, to finish at SwFr 1.6170 compared with SwFr 1.6180, and to Y239.30 from Y240.25 in terms of the Japanese yen. The dollar's index, on Bank of England figures, fell to 85.0 from 85.1.

D-MARK—Very strong, but showing a steadier trend within the European Monetary System recently—The D-mark eased slightly against other members of the EMS, except the Irish punt which was unchanged at DM 3.70 at the Frankfurt fixing. The French franc improved to DM 42.76 per FFr 100 from DM 42.72, and the Italian lira to DM 2.151 per L1,000 from DM 2.149. Outside the EMS the Swiss franc rose to DM 1.0747 from DM 1.0739, but sterling fell to DM 3.9130 from DM 3.9260. The Bundesbank did not intervene at the fixing when the dollar rose to DM 1.7361 from DM 1.7349.

ITALIAN LIRA — Firmer recently after falling from the top of EMS last November—The lira improved against most of its EMS partners at the Milan fixing, including the D-mark which fell to L465.21 from L465.33. On the other hand the French franc rose to L198.93 from L198.74, and the Irish punt to L1,721 from L1,719.80. Among non-EMS currencies the dollar was unchanged at L807.45, but sterling declined.

FRENCH FRANC—Strongest member of the EMS since late December—The franc lost ground against most EMS currencies, but improved slightly against the D-mark at the Paris fixing.

BELGIAN FRANC—Generally weakest member of EMS, but resists devaluation—The Belgian currency showed mixed changes within the EMS, improving against the D-mark, Dutch guilder and Danish krone at the Brussels fixing, but losing ground against the Irish punt, and French franc, while the lira was unchanged at BFr 4.491 per L100. Elsewhere the dollar was fixed at BFr 28.20 compared with BFr 28.19, and sterling fell to BFr 63.5325 from BFr 63.7850.

DUTCH GUILDER—Firmer in recent weeks, near top of EMS—The guilder weakened against most of its EMS partners, but improved slightly against the D-mark which eased to Fl 1.1043 from Fl 1.10445, and the Irish punt which fell to Fl 4.0860 from Fl 4.09. The dollar rose to Fl 1.9180 from Fl 1.9165 at the Amsterdam fixing, while sterling fell to Fl 4.3230 from Fl 4.3370.

DANISH KRONE — Basically weak, suffering two devaluations since EMS began last March—The krone lost ground against the French franc, which rose to DKr 1.3352 from DKr 1.3335, but improved against other EMS currencies, except the lira

THE POUND SPOT AND FORWARD

Jan. 29	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.2450.2.2615	2.2515-2.2525	0.62-0.52c pm	3.04	1.75-1.65 pm	3.02
Canada	2.6155-2.6320	2.6200-2.6210	1.10-1.00c pm	4.81	2.55-2.45 pm	4.42
Nethlnd.	4.30½-4.34½	4.31¾-4.32¾	2⅝-1¾c pm	6.25	7-6 pm	6.01
Belgium	63.30-63.80	63.45-63.55	25-15c pm	3.78	55-45 pm	3.15
Denmark	12.18-12.28	12.20½-12.21½	1½ore pm-½ dis	0.49	1½-3½ dis	−0.82
Ireland	1.0520-1.0610	1.0570-1.0580	0.07-0.17p dis	−1.36	0.20-0.30dis	−0.94
W. Ger.	3.90-3.93½	3.91-3.92	3½-2½pf pm	9.19	9½-8½ pm	8.81
Portugal	112.60-113.60	112.85-113.05	par-50c dis	−2.66	20-120 dis	−2.48
Spain	148.80-149.90	149.40-149.50	5-55c dis	−2.41	20-120 dis	−1.87
Italy	1,814-1,825	1,817½-1,818½	8½-10½ lire dis	−6.27	22-24 dis	−5.06
Norway	11.01-11.09	11.04¾-11.05¾	8½-6½ore pm	8.15	17½-15½ pm	5.97
France	9.12-9.18	9.15¾-9.16¾	4⅜-3⅜c pm	5.57	11-10 pm	5.82
Sweden	9.36-9.42	9.37¾-9.38¾	3¾-1½ore pm	3.52	8½-6½ pm	3.20
Japan	535-543	538½-539½	4.50-4.20y pm	9.68	12.15-11.85pm	8.90
Austria	28.00-28.20	28.05-28.10	23-13gro pm	7.69	62-52 pm	8.12
Switz.	3.62½-3.65½	3.64-3.65	4-3c pm	11.52	10¾-9¾ pm	11.25

Belgian rate is for convertible francs. Financial franc 64.90-65.00. Six-month forward dollar 2.40-2.30c pm, 12-month 3.50-3.40c pm.

THE DOLLAR SPOT AND FORWARD

Jan. 29	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	2.2450-2.2615	2.2515-2.2525	.62-0.52c pm	3.04	1.75-1.65 pm	3.02
Ireland†	2.1295-2.1330	2.1310-2.1330	0.80-0.70c pm	4.22	2.10-2.00 pm	3.85
Canada	1.1643-1.1657	1.1654-1.1657	0.14-0.10c pm	1.23	0.23-0.19 pm	0.72
Nethlnd.	1.9150-1.9180	1.9160-1.9175	0.63-0.53c pm	3.63	1.55-1.45 pm	3.13
Belgium	28.17-28.21	28.19-28.21	2.2-1.1c pm	0.72	2 pm-par	0.14
Denmark	5.4185-5.4215	5.4200-5.4215	0.50-1.00ore dis	−1.66	4.25-4.75dis	−3.22
W. Ger.	1.7345-1.7376	1.7365-1.7375	0.95-0.85pf pm	6.22	2.58-2.48 pm	5.78
Portugal	50.13-50.25	50.15-50.25	13-23c dis	−4.30	40-70 dis	−4.38
Spain	66.32-66.40	66.36-66.40	15-23c dis	−3.43	55-70 dis	−3.77
Italy	807.00-807.75	807.40-807.60	5¾-6¾ lire dis	−9.29	15½-17 dis	−8.06
Norway	4.9035-4.9080	4.9045-4.9055	2.85-2.35ore pm	6.36	4.45-3.95 pm	3.42
France	4.0590-4.0660	4.0645-4.0660	0.98-0.88c pm	2.75	1.73-1.58 pm	1.63
Sweden	4.1645-4.1680	4.1645-4.1655	0.55-0.35ore pm	1.30	0.95-0.75 pm	0.82
Japan	238.50-239.50	239.25-239.35	1.40-1.25y pm	6.64	3.65-3.50 pm	5.97
Austria	12.465-12.472	12.466-12.471	6½-5⅛gro pm	5.89	17¾-15½ pm	5.29
Switz.	1.6120-1.6175	1.6165-1.6175	1.29-1.22c pm	9.32	3.48-3.42 pm	8.55

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY RATES

Jan. 28	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	17	0.581626	0.634692
U.S. $	12	1.31616	1.43624
Canadian $	14	1.53135	1.66963
Austria Sch.	5¼	16.4059	17.8956
Belgian F.	10½	37.1026	40.4626
Danish K.	11	7.13359	7.78085
D'Mark	6	2.28341	2.49117
Guilder	9½	2.52242	2.75256
French Fr.	9½	5.34295	5.83043
Lira	15	1062.80	1159.77
Yen	6¼	315.353	344.699
Norwgn. Kr.	9	6.46366	7.03544
Spanish Pts.	8	87.1894	95.1512
Swedish Kr.	10	5.47588	5.97693
Swiss Fr.	2	2.12626	2.31882

CURRENCY MOVEMENTS

Jan. 29	Bank of England Index	Morgan Guaranty changes %
Sterling	71.4	−34.9
U.S. dollar	85.0	−8.1
Canadian dollar	81.2	−16.8
Austrian schilling	157.6	+24.1
Belgian franc	115.4	+13.8
Danish kroner	106.9	−2.8
Deutsche mark	188.1	+45.3
Swiss franc	201.2	+80.4
Guilder	125.9	+20.2
French franc	102.5	−5.4
Lira	55.1	−49.6
Yen	118.0	+17.1

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

OTHER MARKETS

Jan. 29	£	$		£ Note Rates
Argentina Peso	3730-3750	1656-1666	Austria	27.85-28.10
Australia Dollar	2.0345-2.0385	0.9035-0.9040	Belgium	64.60-65.10
Brazil Cruzeiro	98.35-99.35	43.65-44.10	Denmark	12.16-12.34
Finland Markka	8.37½-8.38½	3.7060-3.7080	France	9.12-9.18
Greek Drachma	n/a	n/a	Germany	3.90-3.92¼
Hong Kong Dollar	10.78½-10.80½	4.7850-4.7880	Italy	1860-1920
Iran Rial	n/a	n/a	Japan	538-543
Kuwait Dinar(KD)	0.608-0.618	0.2725-0.2726	Netherlands	4.31-4.35¼
Luxembourg Frc.	63.45-63.55	28.19-28.21	Norway	11.00-11.08
Malaysia Dollar	4.9235-4.9345	2.1865-2.1875	Portugal	113½-124
New Zealand Dlr.	2.2885-2.2935	1.0160-1.0170	Spain	148-155½
Saudi Arab. Riyal	7.51-7.61	3.3602-3.3610	Sweden	9.35-9.45
Singapore Dollar	4.8570-4.8680	2.1555-2.1565	Switzerland	3.63¼-3.65¼
Sth. African Rand	1.8400-1.8420	0.8170-0.8180	United States	2.25-2.258
U.A.E. Dirham	8.37-8.47	3.7422-3.7432	Yugoslavia	48-50½

Rate given for Argentina is free rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU January 29	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	39.7897	40.4347	+1.62	+1.44	±1.53
Danish Krone	7.72336	7.77639	+0.69	+0.51	±1.64
German D-Mark	2.48208	2.49077	+0.35	+0.17	±1.125
French Franc	5.84700	5.82494	−0.38	−0.56	±1.3557
Dutch Guilder	2.74362	2.75211	+0.31	+0.13	±1.512
Irish Punt	0.668201	0.673251	+0.76	+0.58	±1.668
Italian Lira	1157.79	1158.25	+0.04	+0.04	±4.08

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

Jan. 29	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'r	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.252	3.915	539.0	9.158	3.645	4.323	1818.	2.621	63.50
U.S. Dollar	0.444	1.	1.738	239.3	4.066	1.619	1.919	807.3	1.164	28.20
Deutschemark	0.255	0.575	1.	137.7	2.339	0.931	1.104	464.4	0.669	16.22
Japanese Yen 1,000	1.855	4.178	7.263	1000.	16.99	6.763	8.019	3373.	4.862	117.8
French Franc 10	1.092	2.459	4.275	588.5	10.	3.980	4.720	1985.	2.862	69.34
Swiss Franc	0.274	0.618	1.074	147.9	2.512	1.	1.186	498.8	0.719	17.42
Dutch Guilder	0.231	0.521	0.906	124.7	2.119	0.843	1.	420.5	0.606	14.69
Italian Lira, 1,000	0.550	1.239	2.155	296.5	5.037	2.005	2.378	1000.	1.441	34.93
Canadian Dollar	0.382	0.859	1.494	205.7	3.495	1.391	1.649	693.8	1.	24.23
Belgian Franc 100	1.575	3.546	6.165	848.8	14.42	5.740	6.807	2863.	4.127	100.

EURO-CURRENCY INTEREST RATES

The following nominal rates were quoted for London dollar certificates of deposit: one-month 13.90-14.00 per cent; three-months 14.15-14.25 per cent; six months 14.25-14.35 per cent; one year 13.70-13.80 per cent.

Jan. 29	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
†Short term	17½-17¾	13¾-14	13¾-13¾	10½-10¾	40-50	7-7⅛	11⅞-12⅛	20½-27½	—	8⅞-10⅝
7 days' notice	18¼-18½	13⅞-14⅛	13¾-13¾	10⅝-10⅞	10-10⅛	7⅞-8	12-12¼	24½-27¾	13⅞-14	6⅞-7⅞
Month	18-18¼	14⅞-15⅛	13⅝-14	11-11¼	4⅞-5	8¼-8⅝	12⅛-12⅜	23½-25¼	14⅞-15	7⅝-8¼
Three months	17¾-18	14⅛-14¾	13⅝-14	11⅛-11⅝	5½-5⅝	8 7/16-8 9/16	12¾-13	22¼-25¼	14 7/16-14 9/16	8¼-8⅝
Six months	16⅞-17⅛	14⅛-14¾	13 9/16-13 11/16	11⅛-11⅜	5⅝-5¾	8 7/16-8 9/16	13⅝-13⅝	21-22	14 5/16-14 7/16	8 3/16-8⅝
One year	15⅞-16⅛	13 15/16-14 1/16	13⅛-13½	11⅝-11⅝	5 11/16-5 13/16	8⅛-8⅝	13½-13¾	20-21	14 5/16-14 7/16	8 5/16-8 11/16

Long-term Eurodollar two years 12½-12¾ per cent; three years 12⅝-12⅞ per cent; four years 12¼-12½ per cent; five years 12⅝-12⅞ per cent; nominal closing rates. Short-term rates are call for sterling, U.S. dollars and Canadian; two-day call for guilders and Swiss francs. Asian rates are closing rates in Singapore.

INTERNATIONAL MONEY MARKET

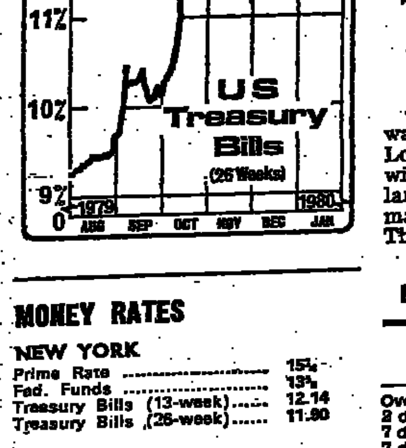
German rates ease

German call money fell sharply yesterday to 7.0-7.5 per cent compared with 8.0-8.2 per cent on Monday, amid speculation that the Bundesbank may take steps to alter current levels of liquidity. However this was seen as not necessarily implying any change in credit policies. Such a move would normally be announced after the fortnightly Central Bank council meeting, and as yet the authorities have not announced any intention of holding a press conference after this Thursday's meeting.

In Amsterdam call money rose slightly to 10¾ per cent from 10⅝ per cent while longer term rates were generally mixed. The Dutch Central Bank is to offer further special advances for the period January 31 to February 10 at a rate of 11¼ per cent. This is ¼ per cent down on the last special facility, which ran for only six days to January 23.

In Paris call money fell back to 12¼ per cent from 12½ per cent on Monday, with longer term rates also easier where changed. One-month money fell to 12¾ per cent and six-month to 12¾ per cent.

Yields on U.S. Treasury bills rose in early trading in New York with 13-week bills at 12.14 per cent against 12.038 per cent at the auction and 11.90 per cent against 11.846 per cent on 26-week bills. Federal funds were cheaper than on Monday with early trading at 13⅞ per cent compared with 14 per cent previously.



GOLD

Firmer trend

Gold rose $35 to close at $665-675 on renewed buying interest after the recent fall. Speculative interest returned to the market on news of a further rise in oil prices and the proposed increase in U.S. defence spending. The metal opened at $640-650 and was fixed at $678 in the morning and $674.25 in the afternoon.

In Paris the 12½-kilo gold bar was fixed at FFr 85,750 per kilo ($656.92 per ounce) in the afternoon, compared with FFr 86,750 ($664.58) in the morning, and FFr 82,000 ($628.27) Monday afternoon.

In Frankfurt the 12½-kilo bar was fixed at DM 37,665 per kilo ($678 per ounce), compared with DM 35,030 ($629) previously.

	January 29		January 25	
Gold Bullion (fine ounce)				
Close	$665-675	(£294¼-299¼)	$630-640	(£279¾-284¾)
Opening	$640-650	(£283¾-288¼)	$620-630	(£274-278½)
Morning fixing	$678	(£303.066)	$623	(£277.827)
Afternoon fixing	$674.25	(£298.559)	$624	(£275.740)
Gold Coins				
Krugerrand	$672-682	(£298-303)	$630-640	(£280-285)
Mapleleaf	$672-682	(£290-303)	$630-645	(£280-287)
New Sovereigns	$166-171	(£74-77)	$159½-164½	(£71-73)
King Sovs	$177-185	(£78-82)	$175-180	(£77-80)
Victoria Sovs	$180-185	(£80-83)	$177-182	(£78-81)
Fr 20 Napoleon	FFr685-695	(SFr250-260)	FFr695-705	(SFr245-260)
50 pesos Mexico	$835-845		$765-775	
100 Cor. Austria	$650-560		$605-615	
$20 Eagles	$740-760		$735-745	
$10 Eagles			—	
$5 Eagles	—		—	

UK MONEY MARKET

Continued shortage

Bank of England Minimum Lending Rate 17 per cent (since November 15, 1979)

Once again day to day credit was in very short supply in the London money market yesterday, with the repayment of Monday's large official advances being the main factor draining funds. There was also a small excess of revenue transfers to the Exchequer over Government disbursements and a small net take up of Treasury bills to finance. To counter these, the authorities gave assistance on a very large scale, made up of small purchases of Treasury bills both from the banks and discount houses. A part of these bills are for resale at a future date. The Bank also bought a small number of corporation bills from the banks and a small amount of eligible bank bils, all of the latter for resale at a future date.

Discount houses obtained most of their funds at 17 per cent, with some money found later in the day down to 16½ per cent. In the interbank market overnight loans opened at 17⅝-17⅞ per cent and eased to 17¼-17⅞ per cent by lunchtime. With funds drying up later in the day, rates rose to 17¾-18 per cent, and late balances were taken at 20 per cent.

Rates in the table below are nominal in some cases.

MONEY RATES

NEW YORK

Prime Rate	15¾
Fed. Funds	13⅞
Treasury Bills (13-week)	12.14
Treasury Bills (26-week)	11.90

GERMANY

Discount Rate	6
Overnight Rate	7.25
One month	8.675
Three months	8.875
Six months	8.65

FRANCE

Discount Rate	9.5
Overnight Rate	12.125
One month	12.125
Three months	12.3125
Six months	12.25

JAPAN

Discount Rate	6.25
Call (Unconditional)	8.125
Bills Discount (three-month)	8.5625

LONDON MONEY RATES

Jan. 29 1980	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	17½-20	—	—	—	17¾-17⅞	16½-17	—	—	—
2 days notice	—	—	17⅞-18	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	17⅝-17⅞	17⅞-18	—	18¼	17⅞-18¼	16⅞-17	—	—	—
One month	17⅞-17⅝	17¾-17⅞	17¾-17⅞	19⅛-18¾	18¼	18-18¼	16¾-16⅞	15½-15 9/16	17⅝-17 11/16	18½
Two months	17 7/16-17 5/16	17⅝-17¾	—	18-17½	18	—	16½	15⅝-15 13/16	17¼-17⅛	18¼
Three months	17 1/16-17 1/16	17 1/16-17 3/16	17 1/16-17⅝	17¾-17¼	17⅞	17⅞-18⅛	16¼	15 9/16-15¾	16¾	17⅛
Six months	16½-16 7/16	16½-16⅝	16-16½	16½-16	17	—	—	—	15 9/16-15⅝	16¼
Nine months	15 7/16-15 5/16	15⅛-15⅝	—	16-16½	16	—	—	—	—	—
One Year	15⅛-14 15/16	15¼-15½	15½-15¾	15⅝-15¼	15¾	—	—	—	—	—
Two years	—	—	15⅝-16½	—	—					

Local authorities and finance houses seven days' notice, others seven days fixed. * Long-term local authority mortgage rates nominally three years 15¾-15½ per cent; four years 15-15¼ per cent; five years 14⅞-15⅛ per cent. ♦ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 16⅜ per cent; four-month trade bills 17 per cent.

Approximate selling rates for one-month Treasury bills 15 15/32-15½ per cent; two-months 15 13/32-15 21/32 per cent; three-months 15 23/32-15 25/32 per cent. Approximate rate for one-month bills 17 7/16-17½ per cent; two-months 17⅛-17 3/16 per cent; three-months 16⅞ per cent; one-month trade bills 18⅛ per cent; two-months 18⅛ per cent and three-months 17 per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 17 per cent from January 1, 1980. Clearing Bank Rates for sums at seven days' notice 15 per cent. Clearing Bank Rates for lending 17 per cent. Treasury Bills: Average tender rates of discount 15.7443 per cent.

UK NEWS

ENERGY MANAGEMENT — BY MAURICE SAMUELSON

Gas conservation: a campaign for more frugal use of hot air

PRICING RATHER than preaching is the central strand of the Government's energy conservation policies. Mr David Howell, Energy Secretary, made this clear last week when he complained that the British Gas Corporation had been selling domestic gas at rock bottom prices and zero profit at a time when the need to save energy was so great.

However, the corporation itself has been far from passive in the campaign for more efficient and frugal use of energy among its customers. Faced with tightening supplies, it has put information and conservation techniques at the forefront of its activities. Sir Denis Rooke, the chairman, has claimed that more efficient use of gas could save Britain 45m therms a year in the next two decades, equal to the resource of a small gas field.

The corporation's conservation effort has drawn applause from the same quarters which were so vociferous in criticising the latest price rise. Mr. John Evans, the National Gas Consumers' Council's director, praises it for its publicity on conservation, its development of more efficient appliances, its home advisory service, and readiness to display insulation materials in some gas showrooms.

High marks

The Energy Department's conservation division has also awarded the corporation high marks. It notes that, whereas three years ago industrial customers on take-or-pay contracts were penalised for failing to take a minimum quantity of gas, this was no longer the case.

Mr. Peter Jonas, one of the Department's senior conservation technologists, also suggests a few possible improvements which could be made. Domestic gas central heating boilers, he says, are still less efficient than some overseas models, partly because of Britain's "finicky" safety standards.

He would also like owners of gas turbines to be able to buy gas on "interruptible" contracts, where, in exchange for lower charges, customers agree to accept that supplies may be cut off at times of heavy demand, thus gaining the cost benefits enjoyed by many customers who burn gas in boilers.

Gas turbines are a highly efficient way of using the fuel and the Corporation ought to encourage their installation by dropping this obstacle, Mr. Jonas says. The possibilities are shown, for example, by a gas turbine being installed on an industrial estate in Slough, Bucks, to power a 23 Megawatt combined heat and power plant. However, some similar schemes in other parts of the country have been abandoned because the corporation will not supply gas on an interruptible contract.

Any change of policy by the corporation, though, would be contentious at a time when its supplies are so stretched that it is taking on virtually no new interruptible customers.

Award

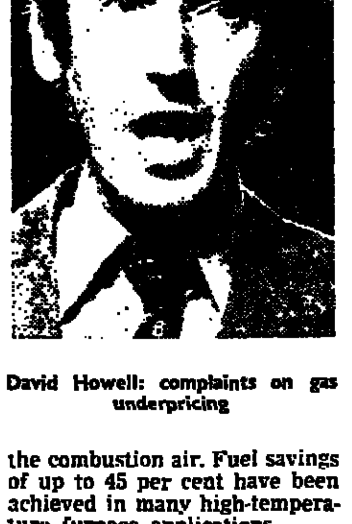
However, Mr. Jonas supports all the Corporation's efforts to boost conservation through education, research and development, and through its regional Technical Consultancy Service, as well as its annual gas energy management award.

The education campaign is carried out principally at the School of Fuel Management, the first of its kind to train managers and engineers from industry in fuel utilisation. Its courses are run at the British Gas Midlands Research Station at Solihull, near Birmingham, and have been taken by about 2,000 directors and managers, who are shown how to carry out energy audits of their companies. It also provides basic training in combustion engineering.

On a wider front, British Gas runs an energy advice centre in Birmingham. Its 12 regions organise their own seminars aimed at meeting local needs.

The corporation's technical advances in conservation have largely been developed at Solihull where the Midlands Research Station has been responsible for a variety of improved combustion systems and heating applications, such as recuperative burners, vat and tank heaters and rapid heating furnaces.

The recuperative burner is one of the research station's biggest successes. It reduces fuel consumption by preheating the combustion air. Fuel savings of up to 45 per cent have been achieved in many high-temperature furnace applications.



David Howell: complaints on gas underpricing

Other benefits include reduced production costs, greater productivity and better working conditions. The unit, combining a nozzle mixing gas burner and a simple heat exchanger, extracts the flue gases from the furnaces and preheats the combustion air by up to 500 degrees C.

Recuperative burners were launched on to the market five years ago. There are now more than 70, installed in about 35 industrial applications, including forging furnaces, ceramic kilns, metal crucible furnaces and enamel furnaces. More recently, a new generation of low cost recuperative burner has been planned for lower temperatures.

British Gas claims that recuperative burners promise a potential fuel saving in the UK alone of 500m therms a year, more than the total annual consumption of domestic gas in Scotland.

Rapid heating machines, developed at the research station, are another energy saving concept which is catching on in the metal industry. They are used to maintain a high quality metal throughout the heating process. Fuel savings of up to 76 per cent have been achieved, and sales of this type of burner have been brisk, with more than half of production going overseas.

For heating vats and tanks, Solihull developed a high intensity immersion tube. Since it was introduced in 1977, more than 100 have been installed, achieving efficiencies of up to 80 per cent, compared with the 50 per cent overall efficiency of the traditional indirect steam heating system.

Efficiency

The corporation tries to help industry and commerce to maximise the efficiency of fuel use through its Technical Consultancy Service. Formed only five years ago, it is now used by about 1,500 companies a year.

Based on the corporation's 12 regions, the consultancy offers a comprehensive engineering service, including the design and installation of new plant, surveys of existing plant, upgrading plant and controls, introduction of new technology, redesign of plant to improve efficiency and productivity and regular maintenance.

Its achievements are given prominence every year when the corporation announces the winners of its gas energy management competition. The awards are presented at a colourful ceremony to the company and regional TCS unit who are judged to have made the most outstanding contribution to efficient use of natural gas during the year.

Since the scheme was launched four years ago, there have been 156 entrants who are said to have saved enough gas to supply more than 40,000 households a year, or cities the size of Oxford and Cambridge.

Two prizes are presented, to industry and to a commercial or institutional customer, with their respective local consultancy unit cited as joint winner. Last year's industrial award, presented in November, went to E. and E. Kaye of Enfield, Middlesex, for achieving a 75 per cent fuel cut by installing new furnace heaters. Joint winner was the corporation's Eastern Region. The other prize went to Berkshire County Council and Southern Gas for a fuel conservation programme in existing buildings and the construction of a "low energy" school.

Oil 'could pay for business tax cuts'

By David Marsh

THE GOVERNMENT should use the extra leeway created by rising North Sea oil revenues to cut business taxes in the March Budget, according to the latest Lloyds Bank economic bulletin, published today.

The bulletin, by Mr. Christopher Johnson, the bank's economic adviser, says business tax cuts could be financed either by the expected increase in the yield of Petroleum Revenue Tax or planned reductions in public spending.

The reductions in income tax and increases in Value Added Tax in last year's Budget brought a benefit mainly to higher income earners, and the burden of income tax in the UK is now not particularly high. Cuts in business taxes would be more cost efficient than further reductions in income tax as a stimulus to enterprise, the bulletin says.

The rise in the value of sterling against other currencies caused partly by North Sea oil, has made it more difficult for companies to compete internationally. "So there would be rough justice in using the oil revenues to lighten their tax burden."

Scrap rates

The bulletin suggests corporation tax allowances for capital spending should be extended to cover commercial and industrial buildings in full, as well as other business expenses not now covered.

Local authority rates for both households and businesses should be first frozen and then abolished. This would help keep business costs down. For domestic rates should be replaced by the extension of other forms of taxes to housing.

The bulletin argues that business tax cuts might be used to increase capital spending, corporate financial assets, dividends or wages, or to cut prices. "In almost any analysis, the economy benefits in some way."

● Mr. John Wheeler, Conservative MP for Paddington, yesterday tabled a series of Commons questions urging the Government to force foreign embassies to pay up at least £500,000 in outstanding rate bills owed to London councils.

"It is time the diplomatic bandits paid up," he said. The amount is owed, according to Mr. Wheeler, in respect of buildings owned by the Uganda High Commission, the Iraqi Embassy, Nigerian High Commission, Government of Cambodia and Rhodesia House.

Budget increases on drinks 'would cut sales' say brokers

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

BIG INCREASES in the duties on alcohol in the Budget might provide only limited additional tax revenue or even diminishing returns while significantly boosting retail prices, according to stockbrokers Buckmaster and Moore.

Mr. Colin Mitchell, a partner in the firm and one of the leading stockbroking analysts of the drinks sector, concludes that an undue reliance on alcohol for additional revenue could be a dangerous move.

This is not necessarily an argument against an increase in duties but does highlight the limited impact it would have.

His view, which is unlikely to provoke much dissent in the drinks sector, is based on expectations of a sharp fall in consumption of wines and spirits this year before taking account of any Budget changes. He believes the fall could be as much as 15 per cent.

But if the duties on spirits are raised by £1 a bottle and on wines by 30p a bottle the decline in consumption could be even larger. A drop of a fifth would provide the Government with only £10m of extra revenue in 1980-81 compared with the current financial year.

If the tax on beer were raised by 3p a pint and consumption remained unchanged then the additional revenue would be about £335m.

Mr. Mitchell says that, if beer consumption rises, as he expects, by 2 per cent this year and there is no change in consumption of wines and spirits the additional tax receipts would be £765 in a full year.

However, if consumption of wines and spirits falls by 15 per cent, and beer consumption is unchanged the likely extra revenue would be around £445m. Tax increases of the size mentioned above would raise the retail prices index by 1.6 per cent.

£28,000 for Italian embroidery at Christie's

SALEROOM

BY ANTONY THORNCROFT

THE HIGHLIGHT in the London salerooms yesterday was the £28,000—plus 11.5 per cent buyer's premium and VAT—paid by the Foundation Abegg of Switzerland for a piece of embroidery. The embroidery was completed about 1560 in Italy and cover 47 inches by 67 inches, making it unique both in age and size.

The grey satin panel is covered with a pattern of yellow monsters and was sought after by six museums and private collectors who pushed the price way above Christie's South Kensington's forecast of £2,000-£5,000. It is almost certainly a record auction price for an item of embroidery.

Phillips held an Impressionist and modern picture sale which totalled £65,625. The Chelsea Arts Club raised £11,400 for renovations to its premises by selling 16 of its pictures, among them a portrait by John Singer Sargent of the artist Robert Brough for £9,500. It was bought by the Fine Art Society. Another former member, Philip Wilson Steer, contributed £1,450 to the club with a landscape which was sold to Spink.

Top price in the auction was the £10,000 paid for Sir Matthew Smith's portrait of Augustus John, while a Max Beerbohm watercolour of Walter Pater taking an Oxford walk in 1891 went to the dealer Brian Sewell for £900.

At Christie's sale of English drawings and watercolours a view of Roderick Bay in Arran at sunset by Waller Paton sold for £1,400. The same sum was paid by Southgate, a Shropshire dealer, for "The infant Jason delivered to the centaur" by Oliver Madox Brown. "The Fisherman's Daughter" by Walter Langley was acquired for £1,300.

Sotheby's also sold Victorian watercolours at Belgravia. The top price of £2,200, way above forecast, was for a typical scene "Cottage near Wells" by Helen Allingham who is much in fashion. "A Wiltshire cottage" by the same artist realised £1,700 to Leger. Christopher Wood paid £1,400 for "The Trossachs" by William Henry Millais.

The two-day total for the printed book sale at Sotheby's was £219,255 with highest prices yesterday of £5,800 for a first octavo edition of "Les Roses" by Redouté and £4,800 for "Pomona Italiana" by Gallesio, with 149 plates.

Phillips sale of clocks and watches yesterday made £62,430 with a highest price of £4,100 for a late-18th century Swiss gold automaton verge watch.

Streat Will

Sir Edward Raymon Streat, chairman of the Cotton Board from 1940 to 1957, who died last September, aged 82, left £73,109 gross (£72,755 net), in his will published yesterday.

Assurance tax relief stays

By Eric Short

THE GOVERNMENT currently has no plans for the withdrawal of tax relief on life assurance premiums, Mr. Peter Rees, Minister of State at the Treasury, has assured the life assurance industry.

This was revealed yesterday by Mr. Leonard Hall, chairman of the LOA, at a Press conference to review the 1979 results and discuss the current state of the UK life assurance industry.

As part of its overall review of the present tax allowance system, the Government has been considering the possibility of ending life assurance tax relief. This has been given for over 100 years.

The LOA, the Associated Scottish Life Offices, and the Industrial Life Offices Association jointly urged the Treasury to continue the relief, arguing that it encouraged families to look after themselves and that life assurance played a valuable role in the long-term contractual savings market.

In a letter to the LOA, Mr. Rees said the Government fully understood these arguments and accepted the role of life assurance. He emphasised, however, that the present review was one of a number of studies on the effect of tax provisions on the pattern of savings, and he could not anticipate the outcome.

The industry would need at least one year's notice of any change in the rate of relief — currently 17½ per cent — Mr. Hall said yesterday.

WORLD STOCK MARKETS

NEW YORK

Early firmer Wall St. bias

WITH DEFENCE issues continuing to advance and Gold, Silver and Copper shares attracting renewed buying attention, Wall Street retained a slight overall firmer bias yesterday morning in another heavy trade.

However, the Dow Jones Industrial Average was just 0.34 higher at 878.84 at 1 pm, while the NYSE All Common Index, at $65.99, was only 3 cents above Monday's record closing high. Gains outscored declines by a mere seven-to-six ratio, although turnover expanded to 37.67m shares from the previous day's 1 pm level of 34.05m.

NYSE volume for the January month surpassed the 1bn shares mark early yesterday, the first time monthly turnover has exceeded 1bn. The previous record monthly turnover was 865m shares in August 1978.

Analysts said institutional investors continue to abandon the Bond market for equities. Bond prices have been weak recently, and analysts said investors are moving into equities to improve their total return despite record bond yields. However, with stock prices, as measured by the New York Stock Exchange Composite index, hitting a record high on Monday, analysts said the stock market's rise is becoming more difficult.

Among Metal issues, active Benguet gained ⅛ to $12⅞, Dome Mines 2¼ to $58⅞, Hecla Mining 1⅞ to $45, Sunshine Mining 1⅞ to $35⅞, Asarco 2⅞ to $51⅞ and Kennecott Copper 1¼ to $39⅞.

The Oil group ran into some early profit-taking but firmed later. Volume leader Texaco put on ⅛ to $36⅞, Exxon ⅛ to $60, Superior Oil 1½ to $154½ and Gulf Oil ⅞ to $39.

Eastern Air Lines reported sharply higher fourth-quarter net earnings and rose ⅞ to $9 in active trading.

Xerox slipped ⅞ to $66¼ despite reporting improved fourth-quarter profits.

THE AMERICAN SE Market Value Index was 1.89 higher at 272.68 at 1 p.m. on volume of 5.94m shares (5.98m).

Cominco, which gained 3½ on Monday, rose another $4 on reporting more than a three-fold rise in 1979 earnings.

Ranchers Exploration advanced 2½ to $52.

Closing prices for North America were not available for this edition.

Canada

Markets further advanced over a broad front in active early dealings. The Toronto Composite index strengthened 20.9 to 1,993.6, while Golds climbed 109.6 to 2,948.7. Metals and Minerals 45.4 to 2,115.2 and Oil and Gas 59.1 to 4,134.4. In Montreal, Banks improved 2.08 to 327.31 and Papers 4.93 to 196.27.

Tokyo

The Defence-related shares advanced following President Carter's Budget message with its onus on increased defence spending, while some Metal issues, Textiles and Chemicals also performed well, but the market overall closed on a mixed note after very heavy trading. Volume reached 820m shares, against Monday's 700m.

The Nikkei-Dow Jones Average edged up 7.22 to a new record high of 6,770.83, but falls on the First Market section narrowly led advances by 338 to 310.

Nippon Light Metal rose Y35 to Y370 following a sharp rise in international Non-ferrous Metal prices. Nippon Yakin advanced Y36 to Y300, Nippon Stainless Y27 to Y345 and Showa Denko Y3 to Y141.

Machine Tools, Bearings and Industrial Plants gained ground on active domestic demand. Nippon Seiko moved ahead Y28 to Y350, Hitachi Seiki Y38 to Y450, Toshiba Machine Y22 to Y430 and Chiyoda Chemical Engineering Y60 to Y880.

Germany

Share prices tended to pick up yesterday, with the Commerzbank index rallying 2.0 to 704.6.

News of Saudi Arabia's latest increase in oil prices directed buying attention to Oil and Oil-related issues. BASF, on consideration of its oil subsidiary Wintershall, advanced DM 2.50 to DM 140.00. Veba, the West German major Oil company, rose DM 2.10 in very active dealings.

However, Motors mainly declined on worries about petrol prices, BMW losing DM 2 and Daimler Benz DM 1.

GHH improved DM 3.50 in Engineerings and Siemens DM 1.30 in Electricals.

Paris

Bourse prices were inclined to gain ground in active trading, with oil price-rises by the United Arab Emirates and Saudi Arabia, France's main supplier, failing to depress market sentiment.

Oils led the way, while Foods, Electricals and Printings were also prominently firmer.

Among Oils, Elf-Aquitaine gained FFr 29 to FFr 1,395, Esso FFr 18 to FFr 394 and Petroles BP FFr 4.4 to FFr 101.5.

Pechiney, which is expected to participate in a FFr 5bn Indian contract for an aluminium complex, put on FFr 4.5 to FFr 104.8.

Hong Kong

After opening sharply higher, the market's gain was eroded by a bout of heavy morning profit-taking. Stocks showed renewed strength in the afternoon, especially Properties, but disappointing results from a major land aution subsequently caused another downturn. However, gains were still in the majority at the close, and the Hang Seng index recordeda fresh net rise of 10.75 at 936.83, its highest closing level since April 19, 1973. Trading was again active.

Among Properties, HK Land ended unchanged at HK$14.90, but the 1986 Warrants added 40 cents at HK$12.50.

Cheung Kong gained 70 cents to HK$22.80, SHK Properties 50 cents to HK$20.50 and Swire Properties 15 cents to HK$5.85, but Tai Cheung shed 7.5 cents to HK$3.60, HK Hotels 75 cents to HK$32.50 and New World 5 cents at HK$5.15.

Elsewhere, Hongkong and Shanghai Bank were up HK$1.00 at HK$21.80, following news of sharply higher profits from its Wardley subsidiary.

Australia

Markets returned from the holiday-lengthened weekend with a reasonably firm performance de spite some profit-taking. The Sydney All Ordinairies index gained 4.05 to an all-time peak of 844.15.

There was overseas support for selected Australian Resource stocks, while Saudi Arabia's decision to raise light crude oil prices saw early gains across the Oil sector. Gold shares, however, were mainly easier on the recent weakening of international bullion prices.

Central Norseman Gold shed 10 cents to A$6.80 and BH South 20 cents to A$5.30, but Consolidated Goldfields put on 20 cents to A$6.80 and Bougainville Copper 10 cents to A$3.50.

Among Uraniums, Kathleen Investments rose 40 cents to A$7.00 and Queensland Mines 30 cents to A$6.90, but Pancontinental receded 30 cents to A$8.20.

CSR climbed 20 cents to A$5.70 and its Coal subsidiary Thiess 14 cents to A$8.00. BHP were 5 cents off on the day at A$13.25, after touching A$13.45.

Tooth's rose 20 cents more to A$2.60, making more than a 50 cents gain over the past week amid rumours that the company is about to merge with Property group Hookers and hive off its hotel and real estate interests into a trust. Hookers shed 5 cents to A$1.05.

Speculative buying also pushed Elder Smith 43 cents higher to A$3.35 despite the Board stating that it has not been discussing any take-over bid informally or formally.

Johannesburg

Gold shares closed higher across the board after fairly active trading on the firmer Bullion price. Kloof rose R2 to R30, East Drie R1.75 to R25.75, South Vaal R1.25 to R24.00, Western Holdings R1.00 to R57.00 and Harmony 85 cents to R17.25.

Platinums and Coppers were mixed, as were Industrials.

CANADA

BELGIUM (continued)

HOLLAND

AUSTRALIA

JAPAN (continued)

DENMARK

FRANCE

ITALY

NORWAY

SWEDEN

GERMANY

HONG KONG

SINGAPORE

SOUTH AFRICA

AUSTRIA

SWITZERLAND

BELGIUM/LUXEMBOURG

BRAZIL

Financial Rand US$1.06 (Discount of 13½%)

Spanish prices, Page 20

Indices

NEW YORK—DOW JONES

STANDARD AND POORS

N.Y.S.E. ALL COMMON

MONTREAL

TORONTO Composite

NEW YORK ACTIVE STOCKS

Palladium price rise

By Our Commodities Editor

A BIG rise in the price of palladium—one of the platinum group metals—was announced yesterday by Rustenburg Mines of South Africa. It has raised, with immediate effect, its minimum price for palladium from $135 to $175 (£67.50 to £78.50) a troy ounce.

The increase follows a surge in the free market palladium price to record levels in line with the general boom in precious metals. Yesterday free market palladium in London was quoted at $225 (£99.8).

Palladium can be used as a substitute for platinum for example in car exhaust.

The rate of substitution depends to a large extent on catalysts, the price differential between the two metals.

Also to be borne in mind is the fact that the Soviet Union is a far more dominant producer of palladium than platinum and that U.S. car manufacturers have long-term supply contracts with the South African mines.

Special coffee meeting called

A SPECIAL meeting of the International Coffee Organisation (ICO) executive board is to be held shortly because of the recent decline in world prices, it was announced yesterday. The Organisation pointed out that it was agreed last September that a special meeting should be held within 14 days to review the market situation if the ICO 20-day average falls below 168.27 cents a pound.

On Monday the price dropped to 167.30 cents a pound. Yesterday on the London Robusta futures market the March position rose £3.35 to £1515.50 per tonne.

Milk price

PRODUCER prices for milk in England and Wales will go up by 0.132p a litre this month and not by 0.689p as inadvertently reported yesterday. The rise is due to the 5 per cent devaluation of the Green Pound on November 17.

A further 0.557p a litre is likely to be added in February and March in respect of the 1½p a pint retail price increase taking effect from February 17.

U.S. dockers ordered to load Russian grain

BY OUR COMMODITIES STAFF

A FEDERAL judge has ordered five International Longshoremen's Association branches back to work to load grain bound for the Soviet Union aboard a ship docked at the port of New Orleans, the ILA has said. The branch officials have not yet decided their future course of action.

The Julia L, a Greek-flag ship, has been waiting to pick up grain at a continental grain elevator at the port.

The district court judge will hear other arguments later this week in the case, which may involve other ships and was filed by the New Orleans Steamship Association.

Meanwhile in Chicago, Board of Trade wheat futures were firmer with traders noting some support from expectations that the ILA might eventually comply with Federal orders to halt their boycott.

In London, grain traders believe Poland will seek to buy up to 500,000 tonnes of British barley, providing sufficient credit facilities, still being negotiated, are made available.

However, some say Polish imports could be limited by handling restrictions at Baltic ports unless the shipments are spread over a reasonable period of time.

In Warsaw, however, Polish Agriculture Minister Leon Klonica confirmed earlier unofficial reports Poland plant to import over 8m tonnes of grains and fodder in 1980.

The minister said the imports were aimed at alleviating the animal feed shortage resulting from last year's bad harvest, when grain production was 4m tonnes lower than 1978 output of 21.5m tonnes.

Western grain analysts located in Warsaw also expect Poland to import 250,000 tonnes of soyabeans, meal and oil in 1980.

From Brasilia, Diana Smith writes: The Brazilian Government has repeated its intention to allow market forces to dictate its soya trade with the Soviet Union, while making no special effort to fill the gap left by the U.S. grain embargo.

This was stated by President Jord Figueiredo to General Andrew Jackson Goodpaster, special envoy of President Carter.

Protest to GATT on sugar policy

BY BRIJ KHINDARIA IN GENEVA

AUSTRALIA has told the decision-taking council of the General Agreement on Tariffs and Trade (GATT) that the Common Market has so far ignored a GATT panel report made last October about an Australian complaint charging that the Community's subsidies to sugar exporters distort the world's sugar trade. Australia was backed in the complaint by Argentina and Brazil.

The GATT panel did not condemn the Community's system of subsidies and the EEC delegate argued yesterday that no proof existed so far that the Community's sugar policy had caused any quantifiable harm to other exporters of sugar.

The U.S. is expected to become self-sufficient in olive oil within the next 10 years. The Spanish are therefore keen to get a foothold in the U.S. market immediately by persuading the U.S. to allow Spanish olive oil imports without tariff or other barriers.

Brazil also brought a complaint against Spain yesterday. It said a recent restructuring of Spanish import tariffs for coffee discriminated against unroasted coffee from Brazil.

Until about three years ago, Spanish regulations on coffee imports were more lenient, for instance, large gifts of coffee could be received from Latin America without any import duties. Tariffs are now levied on all coffee imports.

Spain argues that the tariff changes were necessary because the coffee trade has been handed over to private enterprise from the previous Government monopoly.

The GATT council called for consultations between Brazil and Spain. If the talks fail, a GATT panel may be set up to arbitrate the dispute.

The U.S. also brought a complaint against non-tariff barriers in its vegetable oil trade with Spain.

The U.S. told the council that its exports of soya beans and soya bean oil to Spain are being curbed, in spite of the absence of any stated Spanish policy of doing so because of the administrative practices of Spain's Government monopoly organisation, which deals with vegetable oil sales within the country.

The organisation has installed practices that deliberately discriminate against sales of U.S. soya beans in Spain, the U.S. said. The GATT council decided to create a special panel to investigate the complaint under GATT's dispute settlement procedure.

Spanish sources said the dispute arose following the breakdown of Spain's negotiations with the U.S. as part of the Tokyo Round trade package, aimed at winning a larger share of the olive oil market

Rally as gold recovers

THE RECOVERY in gold yesterday brought a general rally on the London commodity markets. World sugar and natural rubber prices, in particular, moved up strongly.

Silver followed a similar pattern. It climbed sharply in the morning but then lost ground in later trading. In contrast tin advanced steadily with the cash price gaining £180 to £7,545 a tonne as the nearby supply shortage tightened again. Cash zinc retained most of its early gains closing £8.5 up at £368 a tonne.

The RSS No. 1 spot price for natural rubber was raised by 2.75p to 80.25p a kilo and there were similar gains on the futures market. Here too it was thought the main influence behind the sharp rise was renewed speculative interest following prices being driven down too steeply previously. It was noted that while physical demand for rubber is far from good, there is considerable nervousness about the political situation in the Far East, where the bulk of the world's natural rubber production is concentrated.

Sri Lanka reorganises tea industry

By Kevin Rafferty recently in Colombo

SRI LANKA is to split its two national plantation companies into eight organisations in an attempt to improve efficiency and combat political interference, according to Mr. Bradman Weerakoon, secretary to the Ministry of Plantation Industries in Colombo. The plan is to bring improvements to tea, the country's most important export and the Government's biggest source of revenue.

Mr. Weerakoon, who is also the Prime Minister's secretary, said he hoped the changes would be effective from March, with the appointments being made next month.

Under the scheme the two existing corporations which have controlled the bulk of Sri Lanka's tea, rubber and coconut plantations since the estates were nationalised in 1976, will disappear.

In their place eight organisations will be formed, each controlling 60,000 to 65,000 acres of estates grouped regionally.

There has been concern about the estates since they were nationalised. Tea production especially has caused worry and the total crop has remained about 200m kilos. Many of the estates, especially those at medium height, need improvement and investment.

The question now intriguing tea specialists in Colombo is whether indeed Mr. Weerakoon's plan will be the one to be implemented. Last month the city was alive with rumours that private sector tea houses were to be invited back to manage at least some estates.

CITRUS SUPPLIES

Spain strives for a bigger share of the market

BY A CORRESPONDENT

AT THE halfway mark in the season for Spanish citrus exports, when satsumas, clementines and other so-called soft citrus are tapering off and supplies of oranges proper, such as navels and salustianas are about to build up, sales have broken records.

Last season's citrus exports from Spain to mid-January were just under 880,000 tonnes compared with almost 970,000 tonnes the season before. This year the figure has already topped 1m tonnes — the first time such volume has been achieved by this date.

Since the opening of the season in October, Britain's imports have increased proportionately more than Spain's total citrus exports, with satsumas up 20 per cent and oranges no less than 50 per cent.

If the trend continues until the season ends in July, Spain's total exports may approach 2m tonnes, following three years in which the figures have been respectively 1.6m, 1.75m and just under 1.7m tonnes.

The performance is all the more noteworthy for the fact that production of citrus in Spain for 1979-80 is lower than last season, especially in the earlier varieties that have so far dominated supplies. Moreover, it has been achieved in a season that was retarded by the compliance of producers and exporters with a request by the Valencia-based committee of management that in the interests of quality fruit be picked 15 days later than has been customary.

The response to the committee's appeal was enough to have lifted prices significantly on the British market, producing for Spain the satisfaction, all too rare, of a year in which increases in volume and value coincided.

The £23.4m netted by Spanish citrus exports last season should be comfortably exceeded for 1979-80. Drought in some areas limited the improvement in quality brought about by restraint in harvesting, but by not picking immature fruit for the sake of early market returns, farmers have reaped such benefits that it should not be hard to secure the industry's co-operation on this score in future.

Another factor that has favoured Spanish citrus in Britain and elsewhere is a dip in Israeli production, which supplies 60-70 per cent of Britain's intake of oranges between November and June. Where Spain has the market to itself, of course, is in soft citrus, which accounts for about half the country's output. Israeli marketing officials acknowledge that Spanish competition is stronger this year.

Something with which both Spain and Israel must contend is the static British market. While consumption per head has risen elsewhere in Europe, in the UK it has remained at the same level for years in spite of Israel's television advertising and Spain's increased promotional spending behind the national brand name "Spania." In fact, this unification has not met with the approval of all the country's exporters, with labels of their own that have taken much time and money to establish.

While Britain was traditionally Israel's largest customer for citrus, its intake last season was for the first time equalled by Germany, with Spain's citrus exports to Britain in 1979 totalling only 108,124 tonnes compared with about five times as much to each of France and Germany. Even Holland, with a fraction of the UK's population, bought 148,000 tonnes of Spanish citrus.

Put another way, the average annual consumption of citrus in Britain is around 5 kilos a head compared with more than 15 for Belgium and Holland and 11.2 for all Europe.

In this context, any records Spain establishes for citrus sales in the UK must be at the expense of competitors, and since that has happened to some degree this season, there would seem to be scope for still further inroads when the present EEC duty of 12 per cent against Spanish citrus is brought more into line with the 8 and 4 per cent that Israel and Morocco respectively have to pay.

Californian fruit hit by Carter embargo

BY MARK BLACKBURN IN SAN FRANCISCO

CALIFORNIA farmers could lose up to $31m (£13.6m) in sales of nuts and fruit to the Soviet Union this year, as a result of President Carter's embargo on grain shipments.

An extension of the embargo to all food products, announced by the Department of Agriculture, after President Carter halted grain sales on January 4, affects California exports of lemons, prunes, raisins and almonds.

However, replacement markets are expected to be found for most of these exports in countries including Britain, West Germany and China. A fear voiced by several growers' groups in that they may lose the Soviet markets permanently and that other countries will be less willing to buy from them in future, for fear of political interruption.

"Japan in some years takes half our exports," said Mr. Frank Light, president of Sun-Maid growers of California, the raisin and prune-growers' co-opehative. "Suppose Carter gets mad at Japan?"

"We do business already in 50 countries," he added. "In California, 40 per cent of our raisins are exported and 60 per cent of our almonds. We are concerned about our integrity in international trade."

Mr. Light said Sun-Maid was on the verge of signing a contract with the USSR for the sale of 10,000 tonnes of raisins, 10 per cent of this year's crop, worth $12m when the embargo was announced.

However, he said, Sun-Maid would have no trouble selling the raisins in Western Europe, especially Germany, because its normal supplies from Iran and Afghanistan have been cut off by the turmoil in those two countries. Mr. Light said the loss of the Soviet market meant the loss of five years of effort.

California is the only state in the U.S. which grows almonds and the California Almond Growers' Exchange, a marketing co-operative, says the USSR had been expected to take 7 per cent to 8 per cent of California's almond exports this year, or about $20m worth.

Some $8m worth had been shipped before the embargo and $5m worth—4.2m lbs—have been contracted for but blocked by the embargo. A further $7m in sales anticipated later in the year would be lost if the embargo remained in force, the Exchange said.

BRITISH COMMODITY MARKETS

BASE METALS

COPPER—Erratic on the London Metal Exchange. Forward metal opened higher at £1,290 and moved ahead to £1,301 in the morning, buoyed by strong demand for cash material which touched £1,315 and the sharp recovery in gold. The £1,300 level attracted heavy profit-taking, however, and forward metal dipped to £1,287 before closing the late Kerb at £1,290. Turnover: 26,800 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	1312-3	+7.5	1288-1291	+1
3 months	1297-8	+4.5	1288-1289	—2
Settlem't	1313	+7	—	......
Cathodes				
Cash	1250-2	—9	1242-5	—9
3 months	1267-9	+1	1259-60	—5
Settlem't	1252	—10	—	......
U.S. Prod	—	......	*121-33	......

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £1,308, 10, 15, 13, three months £1,295, 98, 1,300, 1,299, 97, 95, 96, 97, 99, 98, 99, 1,300, 03, 04, 02, 1,300, 1,299, 98. Cathodes, cash £1,250, three months £1,270, 69, 68, 67. Kerb: Wirebars, three months £1,293, 92, 91, 90, 87, 86, 87, 89, 88, 87, 85. Afternoon: Wirebars, three months £1,293, 94, 93, 92, 91, 90, 90.5, 90, 91, 92, 91, 90, 89, 88.5, 88, 89. Cathodes, three months £1,261. Kerb: Wirebars, three months £1,288, 87, 86, 87, 88, 89, 90, 91, 92, 91.

TIN—Sharply higher reflecting good overnight U.S. and Japanese buying coupled with a strong performance at Penang. Forward metal opened higher at £7,380 and moved ahead to touch £7,460, with the backwardation widening to almost £100, before easing back to close the afternoon Kerb at £7,440. Turnover: 995 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	7520-5	+177.	7540-50	+180
3 months	7540-45	+117.	7440-55	+115
Settlem't	7525	+175	—	......
Standard				
Cash	7520-5	+177.	7540-50	+180
3 months	7430-5	+117.	7440-5	+115
Settlem't	7525	+175	—	......
Straits E.	‡$2186	+25		......
NewYork	—	......		......

Morning: Standard, cash £7,520, three months £7,420, 30, 35. Kerb: Standard, three months £7,450, 60. Afternoon: Standard, three months £7,440. Kerb: Standard, three months £7,450.

LEAD—Held steady around the £500 level with good trade buying of cash sustaining values. Forward metal moved up from £500 on the pre-market to touch £504.5 prior to closing the late Kerb at £502.5. Turnover: 6,300 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
	£	£	£	£
Cash	508-10	—.5	504-6	—1
3 months	504-5	......	500-1	—1.25
S'ment	510	......	—	......
U.S. Spot	—	......	*50	......

Morning: Three months £503, 04. Kerb: Three months £504, 4.5. Afternoon: Three months £504, 01, 500, 499, 500. Kerb: Three months £500, 500.5, 01, 02, 03.

ZINC—Moved ahead as persistent Commission House buying demand more than offset trade selling. After rising to £385 on the early pre-market forward metal dipped to £380 before rallying to close the late Kerb at £383.5. Values were additionally buoyed by the downturn in sterling. Turnover: 8,650 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
	£	£	£	£
Cash	368-70	+12.5	367-9	+8.5
3 months	383.5-4	+11.5	381-.5	+5.75
S'ment	370	+12	—	......
Primw'ts	—	......	*37.5	......

Morning: Cash £367, 68, 69, three months £382, 81, 81.5, 82, 83, 84, 83.5. Kerb: Three months £382. Afternoon: Three months £383, 84, 81, 80, 79, 78.5, 80, 81, 80.5, 81, 82, 81. Kerb: Three months £382, 83.

ALUMINIUM—Higher in fairly active trading. The absence of the recent general liquidation coupled with good demand for cash material saw values move ahead throughout the day. Forward metal opened at £904 and rose to close the late Kerb at £914.5. Turnover: 805 tonnes.

Alumin'm	a.m. Official	+ or —	p.m. Unoffic'l	†+or —
	£	£	£	£
Spot	900-4	+8.5	902-3	+12.5
3 months	912-3	+7	912-3	+9.25

Morning: Three months £912, 13, 12. Kerb: Three months £912, 11. Afternoon: Cash £903, three months £912, 11.5, 12, 11, 10, 11, 12. Kerb: Three months £914, 15.

NICKEL—Edged higher in quiet and routine trading with forward metal finally £3,215 on the late Kerb reflecting a fall in sterling. Turnover: 546 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unoffici'l	+ or —
Spot	3085-90	+17.5	3085-100	+57.5
3 months	3200-10	+22.5	3205-10	+50

Morning: Cash £3,080, three months £3,205, 10, 15, 10, 05, 3,200, 3,205. Kerb: Three months £3,200. Afternoon: Three months £3,205, 3,200, 3,210, 05, 10. Kerb: Three months £3,210, 3,200, 3,215.

* Cents per pound. ‡ $M per picul. † On previous unofficial close.

CORAL INDEX: Close 461-466 (+11)

SILVER

Silver was fixed 82.6p an ounce higher for spot delivery in the London bullion market yesterday at £16.426. U.S. cent equivalents of the fixing levels were: Spot $37, up $1.7; three-month $36.89, up $1.82; six-month $36.837, up $1.77; and 12-month $36.286, up $1.74. The metal opened at £16-16.9 ($36-38) and closed at £15.75-16.85 ($35½-37½).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	1642.6p	+82.6	1590p	+55
3 months	1650.35p	+90.35	1607.5p	+47.5
6 months	1643.35p	+88.0	—	......
12months	1636.35p	+88.9	—	......

LME—Turnover 262 (150) lots of 10,000 ozs. Morning: Three months 1675, 70, 75, 80, 75, 60, 65, 50. Kerbs: Three months 1650; close 1640, 1650. Afternoon: Three months 1620, 30, 20, 25, 20, 10. Kerbs: Three months 1610, 20; close 1610, 1615.

COCOA

Cocoa futures traded within a narrow range, closing quietly. Physicals were more active than of late, good interest being apparent for nearby cocoa products and producers reported to be meeting the market at current levels, reported Gill and Duffus.

COCOA	Yesterd'ys Close	+ or —	Business Done
March	1474-75	+6.0	1478-65
May	1466-68	+1.5	1473-52
July	1475-76	+2.0	1480-70
Sep	1491-94	+1.5	1496-89
Dec	1521-25	+1.5	1525-19
March	1544-55	+2.5	—
May	1566-85	+3.0	—

Sales: 1,896 (1,052) lots of 10 tonnes.

International Cocoa Organisation (U.S. cents per pound): Daily price Jan. 28: 144.39 (144.19); Indicator price Jan. 29: 15-day average 144.04 (143.85); 22-day average 143.44 (143.57).

COFFEE

After opening slightly higher London coffee futures consolidated a very tight trading range throughout a quiet morning session, reported Drexel Burnham Lambert. With no fresh news in the afternoon to influence any major movement, prices tended to follow an easier New York performance, but the market was generally well supported on a scale-down basis from the trade.

COFFEE	Yesterdays Close	+ or —	Business Done
	£ per tonne		
January	1475.77	+1.0	1490-74
March	1515.16	+2.0	1522-13
May	1533-34	+5.5	1535-23
July	1551-52	+3.0	1555-45
Sept	1564-65	+7.5	1567-58
Nov	1560-63	+13.0	1563-57
January	1548-60	+13.5	1564-63

Sales: 3,463 (5,721) lots 5 tonnes.

ICS Indicator prices for Jan. 28 (cents per pound). Other Mild Arabicas 159.00 (158.00). Robustas ICA 1976 157.00 (157.50). ICA 1968 157.25 (157.75). Unwashed Arabicas 213.00 (same). Comp. daily ICA 1968 179.67 (179.75).

GRAINS

LONDON GRAIN FUTURES—The market opened unchanged to 5p lower on old crop wheat. After a slow start values increased to close steady, 35-45p up on the day. Wheat closed about steady, 10-25p higher, with good demand for March options. New crop wheat values closed unchanged to 15p down, reported Acli.

	WHEAT		BARLEY	
M nth	Yest'rdays close	+ or —	Yest'rday close	+ or —
Jan				
Mar.	99.95	+0.25	97.00	+0.35
May	104.10	+0.10	101.00	+0.45
Sept	96.50	—0.15	93.45	+0.05
Nov	100.20	......	96.95	—0.05

Business done—Wheat: March 99.95-99.70, May 104.10-103.95, Sept. 96.50-96.50, Nov. 100.20-100.15. Sales: 105 lots of 100 tonnes. Barley: March 97.00-96.85, May 101.00-100.55, Sept. 93.45-93.35, Nov. 97.00-96.95. Sales: 134 lots of 100 tonnes.

IMPORTED—Wheat: U.S. Dark Northern Spring No. 2, 14 per cent, Jan. 99, Feb. 101.50, March 102.75, transhipment East Coast. U.S. Hard Winter, 13½ per cent, Feb. 97.50, March 98.75, transhipment East Coast. Maize: U.S./French Jan. unquoted, Feb. 117, March 118, transhipment East Coast. Barley: English Feed fob Jan. unquoted, Feb. 99.50, March 101, April 103.50. Rest unquoted.

H G C A — Locational ex-farm spot prices. Feed barley S. East 93.30, S. West 94.10, W. Midlands 94.80, N. West 94.20. Other milling wheat: S. East 97.00.

RUBBER

The London physical market opened steadier, ruled firm throughout the day, and closed on a steady note. Lewis and Peat reported a Malaysian godown price of 345.5 (340 nom.) cents a kg (buyer, February).

No. 1 R.S.S.	Yest'rdays Close	Previous Close	Business Done
Mar.	80.40-80.80	78.08-79.08	80.05
Apr.	81.50-82.50	78.60-79.50	—
Apr.-Jne	82.70-82.80	79.80-79.88	85.00-79.80
Jly.-Sept	85.50-85.45	82.10-82.55	86.50-82.10
Oct-Dec	87.05-87.15	85.86-85.70	87.40-85.50
Jan-Mar	88.55-88.40	84.90-85.00	88.40-87.50
Apr-Jne	89.50-89.50	86.10-86.20	89.80-88.50
Jly.-Sept	90.70-90.75	87.15-87.20	90.80
Oct-Dec	91.75-21.80	88.50-88.88	91.88

Sales: 645 (569) at 15 tonnes; 22 at 5 tonnes.

Physical closing prices (buyer) were: Spot 80.25p (77.50p); March 78.75p (75.75p); April 80.50p (77.25p).

COTTON

LIVERPOOL—Spot and shipment sales amounted to 206 tonnes, bringing the total for the week so far to 234 tonnes. Fair trading developed, mostly in American-type varieties. Latin American growths moved off steadily as well as Central and East African.

SOYABEAN MEAL

The London market opened at around unchanged levels, and with lack of cash interest drifted easier throughout the day to close on the lows, reported T. G. Roddick.

	Yest'rd'y Close	+ or —	Business Done
	£ per tonne		
February	121.00-21.2	—0.05	121.00
April	117.40-17.5	—0.95	118.30-17.50
June	118.00-18.5	—0.40	118.50-18.00
August	117.70-18.2	+0.45	—
October	117.00-17.5	+0.35	117.50-17.00
December	119.00-19.7	+0.55	119.50-18.50
February	121.50-22.5	+0.95	122.00

Sales: 49 (82) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE (raw sugar): £197.00 (£204.00) a tonne cif for Jan.-Feb.-March shipment. White sugar daily price was £200.00 (£208.00).

Small losses at the opening call were quickly erased and thereafter the market made steady improvement to record gains of £6.00 over the morning. A higher than expected New York opening aided the better sentiment and further gains of some £5.00 were registered before profit-taking at the close lowered prices by £2.00 reported C. Czarnikow.

Sugar Pref. Comm. Con.	Yest'rdays Close	Previous Close	Business Done
	£ per tonne		
March	207.25-07.50	199.00-19.50	208.00-04.50
May	210.00-10.50	203.50-04.00	212.50-09.00
Aug	212.60-12.70	205.00-05.50	214.00-10.00
Oct	215.00-15.25	205.50-06.00	214.50-01.00

Sales: 8,048 (10,271) lots of 50 tonnes.

NO. 4 CONTRACT—Close (in order buyer, seller only). May 210.00, 210.75; Aug. 212.25, 213.00; Oct. 212.50, 213.50; Jan. 212.50, 213.50; March 214.75, 215.50; May 214.50, 215.00. Sales: 377.

LONDON WHITE SUGAR—Close (in order buyer, seller, business, sales): April 205.00, 210.00, 206.00, 7; July 211.00, 214.00, 212.00, 10; Sept. 213.00, 220.00, nil, nil; Nov. 215.00, 225.00, nil, nil; Feb. 220.00, 225.00, 215.00, 10; April 220.00, 235.00, nil, nil; July 220.00, 235.00, nil, nil. Sales: 27.

Tate and Lyle ex-refinery price for granulated basis white sugar was £318.70 (same) a tonne for home trade and £272.50 (£278.00) for export.

International Sugar Agreement (U.S. cents per pound fob and stowed Caribbean port). Prices for January 28: Daily price 17.56 (19.66); 15-day average 17.28 (17.07).

WOOL FUTURES

SYDNEY GREASY WOOL—Close (in order buyer, seller, business, sales). Australian cents per pound. Micron Contract: March 472.0, 476.0, 474.0-469.0, 99; May 497.0, 498.0, 500.00-495.0, 192; July 515.5, 516.0, 520.0-515.0, 245; Oct. 508.0, 510.0, 518.0-511.0, 85; Dec. 510.0, 512.0, 517.0-512.0, 101; March 510.0, 512.0-516.0, 511.0, 47; May 514.0, 516.0, 517.0-514.0, 27; July 515.0, 517.0, 518.0-515.0, 21. Sales: 817.

LONDON NEW ZEALAND CROSSBREDS—Close (in order: buyer, seller, business, sales). New Zealand cents per kilo. May 405, 407, 408-407, 13; Aug. 414, 415, 415, 5; Oct. 417, 418, 417, 1; Dec. 415, 417, 416, 3; Jan. 415, 416, nil, nil; March 415, 420, nil, nil; May 416, 425, nil, nil; Aug. 416, 425, nil, nil. Sales: 22.

JUTE

JUTE—Feb.-March C and F Dundee: BWC £223, BWD £195, BTB £270, BTC £239, BTD £208. C and F Antwerp Feb.March: BWC $601, BWD $433, BTB $601, BTC $530, BTD $460. Jute goods Feb. C and F Dundee: 40-in 10-oz £14.91, 40-in 7.5-oz £11.72. "B" twills £34.92.

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HIDES—Birmingham: Slightly weaker. Second clears. Ox 31-35.5 kilos, 45.0p a kilo (47.0p); 26-30.5 kilos, 53.0p (58.5p); 22-25.5 kilos, 65.0p (66.0p). Light cows 61.0p (60.0p).

PRICE CHANGES

In tonnes unless otherwise stated.

	Jan. 29 1980	+ or —	Month ago
Metals			
Aluminium	£770/810	......	£760 70
Free Mkt (es)	$2040/2050	......	$1750/18
Copper			
Cash w'bar	£1,300	+1	£994.5
3 mths	£1,288.5	—2	£1008.5
Cash Cathode	£1,243.5	—9	£971
3 mths	£1,259.5	—5	£998.5
Gold troy oz	$670	+35	$526.50
Lead cash	£505	—1	£509
3 mths	£500.5	—1.25	£490.5
Nickel	£3,195.75	......	£3,280.17
Freemkt(cif (lb	305/330c	......	270/310c
Platin'mtr'y oz	£189.0	......	£195
Free mkt	£354.90	+4.55	£307.95
Quicksil'ver	$405/415	......	$375/380
Silver troy oz	1642.60p	+82.6	1446.85p
3 months	1650.35p	+90.35	1485.10p
Tin Cash	£7,545	+180	£7,410
3 mths	£7,442.5	+115	£7,210
Tungsten 22.04lb	$158	......	$137.75
Wolfrm 22.04 lbs	$142/145	......	$128.5/134
Zinc cash	£368	+8.5	£329
3 months	£381.25	+5.75	£339.5
Producers	$780/825	......	$780
Oils			
Coconut (Phil)	$910v	......	$870
Groundnut	‡	......	‡
Linseed Crude	$418	......	£396
Palm Malayan	$715z	......	$660
Seeds			
Copra Philip	$595	—5	$565
Soyabean(U.S.)	$285w	—1.25	$285
Grains			
Barley Futures	£101.0	+0.45	£97
Maize			
French No3AM	£117z	......	£120
Wheat			
No. 1 Red Spg.	‡	......	‡
No2HardWint.	£97.50z	......	£108.50
Eng. Millingt.	‡	......	‡
Other commodities			
Cocoa ship.t	£1,550	+6	£1,507.5
Future May.	£1,467	+1.5	£1,447.5
CoffeeF't'rMar	£1,515.5	+2	£1,585.5
Cotton A.Index	91.70c	......	83.85c
Rubber (kilo)	80.25p	+2.75	67.50p
Sugar (Raw)	£197	—7	£179
Wooltp's 64s kl	290p kilo	......	276pkilo

r Jan.-Feb. s Feb. v Feb.-March. t March-April. u April. w May. z Indicator. §Buyer.

GRIMSBY FISH—Supply good, demand fair. Prices at ship's side (unprocessed) per stone: Shelf cod £4.00-£4.50, codlings £2.20-£3.80. Large haddock £4.20-£4.80, medium £3.60-£4.10, small £2.30-£2.80. Best small plaice £3.00-£3.30. Skinned dogfish (large) £11.00, medium £9.00. Rockfish £2.50-£2.90. Reds £3.00. Saithe £3.50-£3.70

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MEAT/VEGETABLES

MEAT COMMISSION—Average fatstock prices at representative markets on January 29. GB cattle 79.04p per kg lw (−1.14): UK sheep 135.2p per kg est dcw (−1.9); GB pigs 64.7p per kg lw (−3.1).

SMITHFIELD—Pence per pound. Beef: Scottish killed sides 64.0 to 68.0: Eire hindquarters 69.0 to 73.0, forequarters 49.0 to 51.0. Veal: English fats 78.0 to 86.0; Dutch hinds and ends 108.0 to 112.0. Lamb: English small 54.0 to 62.0, medium 46.0 to 56.0, heavy 40.0 to 53.0: Imported frozen: New Zealand new season 50.0 to 51.0. Pork: English, under 100 lb 44.0 to 50.0, 100-120 lb 40.0 to 49.0, 120-160 lb 38.0 to 48.0.

COVENT GARDEN—Prices in sterling per package except where otherwise stated. Imported Produce: Oranges—Spania: Navel/Navelinas 4.00-4.50; Jaffa: Navels/Shamouti 50/189's 3.90-5.50; Greek: 2.50-2.60; Moroccan: 64/113's 3.90-4.00; Egyptian: 2.80-3.00. Satsumas—Spania: 95/189's 2.90-3.80. Clementines—Moroccan: 3/6's 4.00-5.00: Cyprus: 126/162 3.40-4.00. Lemons—Italian: 100/150's 5.00-6.50; Cyprus: 11 kg 84/120's 3.60-4.60. Grapefruit—Cyprus: 2.80-3.40, 20 kg 3.00-4.40; Jaffa: Large boxes 32/88's 3.80-4.80: Florida: Pink flesh 36/48's 4.80-5.00. Sours/Bitters—Spanish: 4.00-5.00. Apples—French: Golden Delicious, boxes 40 lb 138-175 4.20-5.40, 20 lb 2.20-2.80, Granny Smith 20 lb 2.60-3.20, 40 lb 4.40-5.80, Stark Crimson, approx. 20 lb 72's 2.60, 40 lb 5.60-6.30; Hungarian: Starking 40 lb 138's 6.00: Canadian: Red Delicious 40 lb 8.50-9.50; Italian: Granny Smith 20 lb, per pound 0.13-0.15. Grapes—Californian: Red Emperor, per pound 0.42-0.48; S. African: 11 lb Dan Ben Hannah 12.00. Alphonse Lavallee 14.00, Queen of the Vineyard 7.00. Plums—S. African: Santa Rosas per pound 0.27-0.33, Gaviotas 0.34-0.45. Peaches—S. African: 23/25/28's 2.80-4.00. Avocados—Israeli: 4.50-4.80. Melons—Spanish: Green 7.00, 15 kg Green 8/15's 14.00. Pineapples—Ivory Coast: Each 12's 0.60-0.65, 6's 1.00-1.10. Onions—Spanish: 6.00-6.30; Dutch: 3.00-3.30. Tomatoes—Canary: 4.60-5.50. Bananas—Jamaican: 28 lb 0.17-0.17½. Lettuce—Dutch: 24's 2.80-3.20. Cucumbers—Canary: 14/16's 3.20-3.50. Capsicums—Canary: Per pound 0.30-0.33. Celery—American: 36's 13.00; Israeli: 20/24's 6.30; Spanish: 5.50-6.00. Cauliflowers—French: 24's 8.00. Potatoes—Italian: Boxes 20 lb 3.00: Cyprus: 55 lb 4.90-5.00. Dates—Tunisian: 30/'s per box 0.36-0.42: Californian: Per pound 0.30-0.31.

English Produce: Potatoes—Per bag 2.40-3.00. Lettuce—Per 12, round 1.30-1.60. Mushrooms—Per pound 0.60-0.80. Apples—Per pound Bramley 0.06-0.14, Cox's Orange Pippin 0.06-0.15, Laxton 0.08-0.10. Pears—Per pound Conference 0.05-0.10, Comice 0.10-0.20. Swedes—Per 25/28 lb 0.70-0.80. Parsnips—Per 28 lb 1.00-1.20. Turnips—Per 28 lb 1.00-1.20. Cauliflowers—12's Kent 2.00-2.80. Rhubarb—Per pound, forced 0.21-0.22. Sprouts—Per pound 0.05-0.07. Cabbages—Per bag 0.80-0.90, White cabbages 1.50. Onions—Per bag 2.40-2.80. Carrots—Per bag 0.50-0.80. Beetroots—Per bag 1.00-1.10.

AMERICAN MARKETS

NEW YORK, January 29.

SHARP RALLIES in precious metals reflected new major buying. Limit to near-limit advances in copper, sugar and cotton were supported by heavy trade buying. Commission house buying rallied cocoa limit up. Below list cash sales continued to have a negative impact on the coffee market. The livestock complex finished higher on reduced marketings due to the extremely cold weather. Wheat lost yesterday's gains, while soyabeans were mixed over a very narrow range and maize finished fractionally higher in a dull trading day, reported Heinold.

Potatoes (round whites)—March 58.1-59.0 (58.5), April 62.5-63.5 (64.0). May 73.6-73.8, Nov. 69.0-70.0. Sales: 772.

¶Silver—Feb. 3640.0 (3600.0). March 3676.0-3700.0 (3650.0), May 3750.0, July 3790.0, Sept. 3832.0, Dec. 3889.0, Jan. 3907.5, March 3946.5, May 3985.5, July 4024.5, Sept. 4063.5. Sales: 5,000. Handy and Harman bullion spot 3650.00 (3500.00).

Tin—792.00-797.00 asked (778.00-790.00).

CHICAGO, January 29.

Lard—Chicago loose 21.25 (same). New York prime steam unavailable.

Live Cattle—Feb. 64.80-64.85 (64.87). April 68.80-68.95 (68.52), June 71.95-71.75, Aug. 71.40-71.55, Oct. 70.30-70.35, Dec. 71.30, Jan. ——, Feb. ——.

Live Hogs—Feb. 40.15-40.17 (39.72), April 39.75-39.60 (39.35), June 43.40-43.22, July 44.45-44.35, Aug. 43.30-43.50, Oct. 42.30, Dec. 44.70, Feb. 46.00, April 44.40.

‡‡Maize—March 273-273¼ (272½), May 285¾-286 (285¾), July 295-295¼, Sept. 302½-302¾, Dec. 309¾-310, March 320¼-320¾.

Pork Bellies — Feb. 42.70-42.85 (41.90), March 43.75-43.60 (42.57), May 45.35-45.25, July 46.70-46.80, Aug. 46.60-46.95, Feb. 54.95, March ——.

Silver—Feb. 3565.0 (3585.0). March 3610.0 (3617.0), April 3635.0-3650.0, June 3715.0-3755.0, Aug. 3780.0, Oct. 3825.0, Dec. 3870.0, Feb. 3915.0, April 3960.0, June 4005.0, Aug. 4050.0, Oct. 4095.0, Dec. 4140.0, Feb. 4185.0, April 4230.0, June 4275.0, Aug. 4320.0.

‡Soyabeans — March 660½-661½ (661½), May 682-683 (683¾), July 703-704, Aug. 711½-712, Sept. 719, Nov. 729½-730, Jan. 746, March 765.

‖Soyabean Meal—March 183.20-183.00 (184.10), May 188.00-187.60 (188.40), July 193.00-192.50, Aug. 194.50-195.00, Sept. 197.50, Oct. 200.50-201.00, Dec. 204.00-203.50, Jan. 204.00, March 208.50-209.00, May ——.

Soyabean Oil — March 23.68-23.65 (23.58), May 24.21-24.20 (24.10), July 24.62-24.60, Aug. 24.85-24.90, Sept. 25.15-25.20, Oct. 25.35-25.40, Dec. 25.70-25.75, Jan. 24.80, March 26.10, May ——.

†Wheat—March 451½-452½ (456½), May 460-461 (461¼), July 462½-463, Sept. 474, Dec. 492, March 507-507½.

WINNIPEG, January 29. §Barley—March 115.00 (114.30), May 116.30 (115.60), July 115.30, Oct. 110.40.

§Wheat—SCWRS 13.5 per cent protein content cif St. Lawrence 238.05 (same).

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lbs). § $Can. per metric ton. §§ $ per 1,000 sq. feet. ‡ Cents per dozen.

EUROPEAN MARKETS

ROTTERDAM, January 29.

Wheat—U.S. No. 2 Dark Hard Winter wheat 13.5 per cent, Feb. $199, March $202. U.S. Hard Winter wheat ordinary unquoted. U.S. No. 2 Red Winter wheat Feb. $200, March $202. U.S. No. 2 Northern Spring wheat 14 per cent Feb. $209, March $211, April/May/June $201, June/July $202, July/Aug. $204.

Maize—U.S. No. 3 Corn Yellow afloat $131, Jan. $130, Feb. $130, March $133, April/June $139.50, July/Sept. $144.75, Oct./Dec. $147.

Soyabeans—U.S. Two Yellow Gulfports Feb. $268, March $272, April $277, May $280, June $285.50, July $288, Aug. $291.50, Sept. $294.50, Oct. $296.25, Nov. $295.75, Dec. $301, Jan. $305. Brazil Yellow Faq. unquoted. Argentine May $277 sellers, $275 buyers. Soyameal—44 per cent protein, U.S. afloat $260, Jan. $248, Feb. $246, April/June $243, April/Sept. $245. Brazil Pellets afloat $270, March $252, April/May $248, April/Sept. $250.

PARIS, January 29.

Cocoa (FFr per 100 kilos)—March 1333-38, May 1326-32, July 1330, Sept. 1345-60, Dec. 1350-70, March 1365-94. Sales at call, 1.

Sugar (FFr per 100 kilos)—March 1915-25, May 1948-50, July 1945-65, Aug. 1965-68, Oct. 1975-90, Nov. 1970-1995, Dec. 2010-12, March 2015-40. Sales at call, 36.

INDICES

FINANCIAL TIMES

Jan 28	Jan. 25	M'nth ago	Year ago
304.64	302.25	295.13	261.84

(Base: July 1, 1952=100)

MOODY'S

Jan. 29	Jan. 28	M'nth ago	Year ago
1413.5	1423.9	1299.9	1503.8

(December 31, 1931=100)

DOW JONES

Dow Jones	Jan. 28	Jan. 25	Month ago	Year ago
Spot	453.04	434.54	419.13	377.5
F'tur's	440.19	441.45	425.08	371.62

(Average 1924-25-26=100)

REUTERS

Jan. 29	Jan. 28	M'nth ago	Year ago
1794.5	1789.1	closed	1503.5

(Base: September 18, 1931=100)

Late institutional demand leads to strong equity close

Gilts retrieve early falls and Golds substantially up

Account Dealing Dates
Options

*First Dealings	Declarations	Last Dealings	Account Day
Jan. 14	Jan. 24	Jan. 25	Feb. 4
Jan. 28	Feb. 7	Feb. 8	Feb. 18
Feb. 11	Feb. 21	Feb. 22	Mar. 3

* "New time" dealings may take place from 9.30 a.m. two business days earlier.

All three main investment sections of stock markets yesterday closed on a firm to strong note, after a drab earlier session relieved mostly by renewed strength in Gold shares on the sharply higher bullion price. Continued weakness was evident in Food retailers following Asda supermarket's move to intensify the High Street price war, but early double-figure falls were reduced to negligible proportions by the close.

A mid-afternoon burst of institutional interest for good-quality industrials caught dealers unawares and values quickly regained losses, which had mirrored uncertainty about the steel situation, and finished several pence higher on the session. The upturn was accentuated by stock shortages. As a result, the FT 30-share index closed 10.4 up on the day at 464.0 after having recorded a loss of 1.6 at 10.00 am.

Secondary Oils were active again and regained initial losses, which were sometimes substantial because of profit-taking, and the majors, firm all day, ended with gains stretching to 18 pence. Leading Electricals and other companies which could benefit from any increase in defence spending were particularly sought after.

The late turn for the better was not confined to the equity sectors. Gilt-edged securities fully participated and reclaimed falls extending to ¾, largely a reflection of late selling the previous evening, to close a net ¼ higher. Once again, the recently-exhausted Government tap stock, Treasury 12½ per cent "A" 2000-05, was a principal mover and fell to £23 in its £25-paid form before rallying to close at £23¾ for a net rise of ⅛.

Similarly, losses of ¼ among the shorts were eventually transformed into gains of ¼ and the overall firmness was continuing after the official close.

South African Golds basked in the limelight of the rising bullion price and registered substantial gains despite meeting late profit-taking. The FT Gold Mines index, which had slipped 13.7 on Monday, rebounded 23.4 to 334.6: this compares with its 1979-80 high of 360.4 recorded earlier this month.

Demand for Traded options increased and 1,022 deals were arranged, which compares with 619 on Monday. Racal were active with 248 trades, while oil issues also attracted a useful business with BP and Shell recording 114 and 151 contracts respectively.

Hambros good

A firm banking sector was featured by **Hambros** which jumped 16 to 328p in response to Press comment. **Kleinwort Benson** also reflected a Press mention with a rise of 4 to 144p. The major clearing banks attracted renewed support ahead of the dividend season which starts next month. **NatWest**, figures due on February 26, rose 9 to 365p but, still accompanied by suggestions that the bank might launch a fresh American bid following the recent successful placing of its shareholdings in Standard Chartered and Sedgwick Forbes, **Midland** closed a further 10 to the good at 370p. Elsewhere, news that the U.S. Comptroller of the Currency has given the go-ahead for the group's controversial £140m takeover of Marine Midland helped **HongKong and Shanghai** put on 7 to 200p.

With the exception of **C. E. Heath**, down 5 to 210p, Lloyd's brokers made progress in Insurances. On the Marsh and McLennan bid situation, **Bowring** rose 4 more to 149p, while **Hogg Robinson** improved 3 to 105p and **Stenhouse** edged forward a couple of pence to 80p.

Initial losses in the drinks sector were generally reversed following a late institutional buying. **Allied**, a weak market of late, closed 2 better at 77p. Selected regional issues encountered support; **Vaux** added 4 to 137p, while **Morland** put on 6 to 103p, the latter after favourable Press comment.

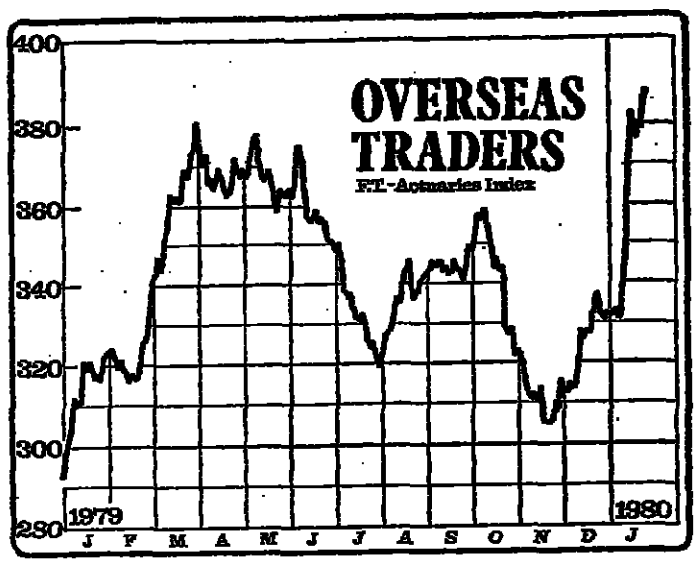
In Buildings, **Blue Circle** firmed 12 to 288p in anticipation of increases in the price of cement. **Armitage Shanks**, the subject of a bid from the former, added 4 to 96p to match the current worth of the share exchange offer. Elsewhere, **IDC** put on 22 to 160p in a limited market in response to the results and the proposed three-for-two scrip issue. In Timbers, speculative interest was directed towards **Montague L. Meyer** which put on 6 to 88p.

Although trading in ICI was thin, the shares remained sensitive to buyers and firmed 9 to 389p. **Fisons** added 6 to 293p. Among other Chemicals, **Leigh Interests** attracted fresh interest and put on 12 to 128p, but **Ellis and Everard**, at 130p, gave back 4 of the previous day's gain of 12 that followed the better-than-expected interim statement. Up 3½ on Monday, **Bernard Wardle** jumped a further 5½ to 34p on the announcement that **Birmingham and Midland Counties Trust** intends to offer 33p per share cash.

Henderson-Kenton weak

Stores were featured by sharp falls in **Henderson-Kenton** and **Rosgill** following sharply lower first-half profits; the former closed 17 down at 98p, after 97p, while the latter fell 6 to 22p, after 21p. **Cantors "A"** gave up 5 to 35p on further consideration of the halved half-year profits, but **Forminster** rose 8 to 142p on demand in a thin market. **Lee Cooper** added 7 to 242p for a similar reason. Still reflecting the increased stake taken in the group by Berger Jenson, **A. G. Stanley** put on 4 to 71p.

Comment on increased competition exerted fresh selling pressure on Food Retailers, but buyers at the lowed levels prompted a strong rally which left final quotations little altered on balance. **Associated Dairies** touched 166p before setting just a couple of pence cheaper on balance at 176p; the half-yearly statement is due today. Competitors **J. Sainsbury** reverted to the overnight level of 298p, after 290p, but **Tesco** finished 2 off at 66p, after 64½p, and **Kwik Save** 3 down at 110p, after 106p. **Linfood** shed 7 to 157p, after 154p. Elsewhere, speculative support lifted **Robertson** 5 to 132p and **Barker and Dibson** 1½ for a two-day gain of 3½ to 32½p. **Glass Glover** were marked up to 58p in initial response to the annual results and property revaluation, but closed unchanged on balance at 54p. **Singlo** put on 2 to 17½p in belated response to the disposal of its Indian tea interests to Caparo for £1.5m. Dealings in **Morgan Edwards** and **Louis C. Edwards** resumed following news that merger discussions were in progress. *Morgan Edwards opened* at 95p and closed at 106p, while **Louis C. Edwards** reverted to the opening level of 55p after extremes of 60p and 52p; respective suspension prices were 75p and 38p.



There was a brisk trade in **Racal** which pushed ahead to 248p before settling at 241p for a rise of 10 on the day; in sympathy **Decca** closed 20 higher at 395p and the "A" 15 to the good at 350p. Elsewhere in the leaders, **GEC** were also lively and closed 6 firmer at 359p, while fresh support lifted **Plessey** 4 to *131p*.

Leading Engineers followed the general trend, the bulk of the day's improvement taking place in the afternoon trading. Helped by continuing hopes of *increased defence spending*, **Vickers** were noteworthy for a rise of 8 at 136p. **GKN** improved 6 to 272p and **Hawker** 4 to 192p. Interest in secondary issues was at a relatively low ebb. News of the £18.7m contract for a turnkey stainless steel plant prompted firmness in **Davy Corporation** which improved 4 to 95p, while **Delta Metal** put on 3½ to 65p following the completion of two U.S. acquisitions. **Westland** gained 3 to 77p.

Reed Int. pleases

Miscellaneous industrial leaders closed at the day's best with gains ranging to 13. **Reed International** advanced that much to 206p in response to better-than-expected third-quarter profits. This prompted a sympathetic improvement of 10 to 176p in **Bowater**. **Glaxo** rose 8 to 490p and **Boots** improved 6 to 190p as did **Unilever**, to 468p. Elsewhere, fears of increased competition among food retailers in the wake of Asda's price cuts unsettled **Booker McConnell** which lost 12 to 278p, while **Christie Tyler** dipped 5 to 68p following the interim results. Profit-taking after the previous day's jump of 47 which followed suggestions of approval for the building of a £700m tunnel left **Channel Tunnel** 10 easier at 135p, after 125p. **Smiths Industries** added 8 to 222p on hopes of increased defence spending. **Prestige** added 5 to 148p on the results and **Huntleigh** found support at 79p, up 7.

Shares in **Manchester United Football Club**, dealt under special rule, were marked down 40 following allegations of corruption but the final quotation was only 5 cheaper on balance at 165p.

Late institutional support lifted **Lucas** 12 to 264p, while **Dowty**, interim results due during this Account, rallied from an earlier 172p to end a net 2 off at 175p. **Flight Refuelling** continued to respond to speculative interest and rose 11 to 229p. Among Motor Distributors, **Caffyns** jumped 19 to 165p following renewed takeover gossip, while support was also seen for **Tate of Leeds**, 3 up at 83p, and for **T. C. Harrison**, 5 better at 67p.

Leading Newspapers made useful headway in the later business. **News International** improved 8 to 176p, as did **Associated**, at 288p, the latter being helped by the chairman's annual statement and a property revaluation. **Daily Mail A** closed 21 higher at 503p. Among secondary issues speculative buying in a thin market again bolstered **Eucalyptus Pulp**, which advanced 15 for a two-day gain of 28 to 125p.

Properties attracted a useful demand which extended into the late dealings and gains in the leaders stretched to 11p. **Land Securities** added that much, to 295p, while **MEPC** and **Great Portland Estates** firmed 7 apiece to 191p and 228p respectively. Elsewhere, **Mountview Estates** attracted speculative support and put on 12 to 122p, while **Deajan**, interim statement today, firmed 6 to 130p. **Bradford** improved 5 to 160p, after 166p, in response to Press comment. Fresh consideration of the recent results lifted **McKay Securities** 10 to 150p in a thin market, while **Allied London** added 5 to 97p and **Percy Bilton** 10 to 220p.

Oils active again

Oil shares enjoyed another active trade following the further round of price increases. British Petroleum, a relatively subdued market of late, came to life and pushed ahead to close around the *day's best with a gain of 20 at* 362p. Shell were also favoured among the leaders with a fresh rise of 14 to 364p. Some of the more speculative secondary issues bounced back quite sharply after an early bout of profit taking. **Siebens (UK)** touched 670p before closing only 4 off on balance at 690p, while **CCP North Sea** finished 7 to the good at 332p, after 304p. **Aran Energy**, however, fell 22 to 324p. **Sceptre** advanced 25 for a two-day rise of 85 to 515p, while **Viking** rose 55 more to 740p, and **Carless Capel** improved 9 to 86p.

Still reflecting its plantation interests and the half-yearly figures, **Kellock** put on 5 for a two-day jump of 20 to 98p. Elsewhere in Financials, **Smith Brothers** improved 3 to 35p.

Plantations were firm again. Still buoyed by hopes of a bid *from Harrisons and Crosfield*, **London Sumatra** rose 10 for a two-day gain of 33 at 423p.

Golds surge ahead

South African Golds staged a strong recovery as the bullion price recouped $35 of the $70 lost over the previous to close at $670 an ounce. Share prices were marked higher at the outset, in anticipation of a gold *price upsurge following the latest* round of oil price increases, and continued to make good progress throughout the day.

However, the late after-hours' business brought fairly heavy profit-taking from both the U.S. and London and prices closed below the day's best levels. The Gold Mines index added 23.4 at 334.6.

The biggest gains were seen among top quality producers such as **Free State Geduld** and **Hartebeestf**, which added £1½ at £25½ and £27 respectively.

Financials were well supported all day and gained further ground in the after-hours' trade. Among South Africans, **General Mining** were outstanding with a gain of 80 to 880p reflecting strong Cape buying, while **Johnnies** advanced £2 to £29½ following aggressive buying from the same source.

London issues were featured by **Rio Tinto-Zinc** and **Gold Fields**. The former rose 10 more to a 1979-80 high of 416p reflecting the buoyant gold and copper prices, while the surge in gold directed attention to Gold Fields, which climbed 17 to 464p.

Australians picked up strongly after an uncertain start. **Bougainville** and **MIM Holdings** were both 7 better at 176p and 302p respectively, while **North Broken Hill** added 5 at 166p and **Western Mining** 3 at 242p.

FINANCIAL TIMES STOCK INDICES

—	Jan. 29	Jan. 28	Jan. 25	Jan. 24	Jan. 23	Jan. 22	A year ago
Government Secs.	67.65	67.64	67.78	68.25	68.93	68.75	66.39
Fixed Interest	68.89	69.05	69.40	69.61	69.41	69.42	67.96
Industrial	464.0	453.6	452.4	448.7	450.8	449.8	466.0
Gold Mines	334.6	311.2	324.9	320.7	311.6	318.6	167.2
Ord. Div. Yield	7.06	7.25	7.27	7.34	7.31	7.27	6.19
Earnings, Yld. % (full)	17.46	17.89	17.94	18.06	18.02	18.07	16.20
P/E Ratio (net) (*)	7.04	6.87	6.86	6.79	6.82	6.80	8.01
Total bargains	22,828	21,305	23,407	23,068	23,515	24,657	—
Equity turnover £m	—	139.54	134.23	123.80	107.68	173.30	66.92
Equity bargains total	—	15,660	17,958	17,253	16,738	19,663	13,343

10 am 452.0. 11 am 452.8. Noon 454.2. 1 pm 456.3.
2 pm 458.0. 3 pm 461.5.
Latest Index 01-246 8026.
* Nil = 6.79.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1979/80 High	1979/80 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	75.91 (4/5)	65.30 (10/12)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	77.76 (5/5)	64.06 (15/11)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	558.6 (4/5)	406.3 (15/11)	558.6 (4/5/79)	49.4 (26/6/40)
Gold Mines	360.4 (18/1/80)	129.9 (17/4)	442.3 (22/5/75)	43.5 (26/10/71)

S.E. ACTIVITY

	Jan. 29	Jan. 28
—Daily		
Gilt Edged	112.2	118.0
Industrials	126.1	120.5
Speculative	69.5	68.9
Totals	91.0	86.5
5-d'y A'vr'ge		
Gilt Edged	127.8	136.8
Industrials	117.4	121.6
Speculative	82.5	94.9
Totals	86.6	90.3

NEW HIGHS AND LOWS FOR 1979/80

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1979-80.

NEW HIGHS (51)

BRITISH FUNDS (1)
Treasury 9pc 1980
AMERICANS (4)
Baker Int. Conoco
Chesebrough-Ponds' Tesoro Pet.
BUILDINGS (2)
Armitage Shanks Nottingham Brick
CHEMICALS (1)
Arrow Chemicals
ELECTRICALS (4)
Bulgin A Perkin Elmer 4pa
Dubilier Plessey
ENGINEERING (3)
M.L. Holdings Westland
R.H.P.
FOODS (1)
Glass Glover
INDUSTRIALS (5)
Acronauti. & Genl. Reed International
Eastern Produce Silverthorne
Gripperrods
INSURANCE (1)
Bowring (C. T.)
MOTORS (1)
Flight Refuelling
NEWSPAPERS (2)
Intl. Thomson Conv. Link House
PAPER (1)
Eucalyptus
PROPERTY (1)
Green (R.)
SHIPPING (1)
Runciman (W.)
TRUSTS (1)
Malodie
OIL & GAS (10)
Carless Capel Santos
Charterhall Texaco 4¼pc
Cluff Oil Conv. A Ultramar
LASMO Do. 7pc Conv.
Premier Cons. Viking Oil
OVERSEAS TRADERS (2)
Harrisons Crosfield Inchcape
RUBBERS (2)
London Sumatra Malakoff
MINES (8)
Selection Trust Pacific Copper
Bougainville Swan Resources
Metals ex. Western Mining
Mount Lyell RTZ

NEW LOWS (17)

AMERICANS (2)
Norton Simon Woolworths
BUILDINGS (1)
Milbury
CHEMICALS (1)
Ciba Geigy 8pc Conv. 1981-94
STORES (4)
Boardman (K. O.) Cornell Dresses
Cantors A Rosgill
ENGINEERING (1)
Lloyd (F. H.)
FOODS (1)
Needlers
INDUSTRIALS (5)
Braby Leslie Macarthys Pharm.
Gestetner A P.M.A.
Hallam Sleigh
LEISURE (1)
Black & Edgington
NEWSPAPERS (1)
Assoc. Book Pubs.

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	44	11	35
Corpns., Dom. and Foreign Bonds	4	15	47
Industrials	291	179	928
Financial and Prop.	176	32	291
Oils	25	5	13
Plantations	3	7	18
Mines	110	20	19
Others	75	16	73
Totals	728	285	1,424

LONDON TRADED OPTIONS

Option	Ex'rcise price	April Closing offer	April Vol.	July Closing offer	July Vol.	Oct. Closing offer	Oct. Vol.	Equity close
BP	325	56	19	—	—	—	—	362p
BP	350	43	14	—	—	—	—	"
BP	375	29	43	—	—	—	—	"
BP	390	—	—	38	18	—	—	"
BP	400	16	20	—	—	—	—	"
Com. Union	140	16	11	21	—	25	—	147p
Com. Union	160	6	5	11	—	19	—	"
Cons. Gold	330	144	—	157	8	—	—	461p
Cons. Gold	360	115	—	134	2	—	—	"
Cons. Gold	390	89	10	111	—	—	—	"
Cons. Gold	460	45	51	68	—	91	—	"
Cons. Gold	500	25	41	49	—	—	—	"
Courtaulds	70	10	7	12½	—	14	—	76p
Courtaulds	80	5	5	7	25	8½	—	"
GEC	330	50	—	67	10	78	4	359p
GEC	360	29	10	47	—	60	—	"
GEC	390	16	—	32	10	—	—	"
Grand Met.	140	10	18	15½	—	22	—	135p
ICI	330	64	34	78	—	—	—	389p
ICI	360	40	77	56	—	66	—	"
ICI	390	20	44	37	—	45	—	"
Land Secs.	260	49	—	55	2	67	2	294p
Land Secs.	280	31	—	41	—	53	2	"
Land Secs.	300	21	18	29	2	41	—	"
Land Secs.	330	9	11	16	—	—	—	"
Marks & Sp.	80	15½	3	18	—	23	—	91p
Marks & Sp.	90	8½	—	12½	17	17	—	"
Marks & Sp.	100	4½	8	7½	—	12	—	"
Shell	360	32	51	46	—	56	9	362p
Shell	390	15	34	28	57	—	—	"
Shell	400	—	—	—	—	—	—	"
Totals			510		151		17	
		February		May		August		
Boots	180	13	3	24	—	31	—	187p
Imperial Gp.	80	2	8	4	—	6½	2	77p
Racal Elec.	180	69	—	76	20	83	—	241p
Racal Elec.	200	49	1	59	15	67	—	"
Racal Elec.	220	29	12	44	33	52	31	"
Racal Elec.	240	15	102	31	34	41	—	241p
RTZ	280	138	6	156	—	167	—	414p
RTZ	360	58	3	88	—	101	5	"
RTZ	390	38	15	67	14	84	1	"
RTZ	420	19	20	47	19	63	2	"
Totals			168		135		41	

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Tues., Jan. 29, 1980 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Mon., Jan. 28 Index No.	Fri., Jan. 25 Index No.	Thur., Jan. 24 Index No.	Wed., Jan. 23 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (172)	234.63	+1.2	18.55	6.65	6.80	231.88	232.22	230.94	229.71	230.04
2	Building Materials (27)	228.15	+1.1	17.24	6.86	7.44	225.72	225.46	222.26	220.67	203.13
3	Contracting, Construction (29)	350.78	+0.4	24.31	6.90	4.70	349.29	348.01	347.90	344.76	347.65
4	Electricals (15)	595.26	+1.6	13.60	4.17	9.80	585.60	592.57	587.31	582.62	540.28
5	Engineering Contractors (11)	287.12	+0.7	25.79	8.91	4.93	285.04	282.32	285.48	293.47	354.70
6	Mechanical Engineering (74)	163.76	+0.9	20.95	7.94	5.92	162.24	161.85	161.86	160.86	179.21
8	Metals and Metal Forming (16)	162.28	+1.4	20.97	9.36	5.69	160.05	159.12	158.66	158.49	160.53
	CONSUMER GOODS										
11	(DURABLE) (50)	219.15	+1.9	16.28	5.58	7.59	215.11	214.20	213.73	210.01	205.16
12	Lt. Electronics, Radio, TV (15)	302.90	+2.0	12.66	4.25	10.34	296.95	296.00	295.09	287.18	262.08
13	Household Goods (14)	114.02	+0.4	26.46	9.60	4.55	114.52	113.86	113.47	113.68	165.55
14	Motors and Distributors (21)	115.86	+2.1	23.20	8.05	5.09	113.50	112.77	112.81	113.03	116.08
	CONSUMER GOODS										
21	(NON-DURABLE) (173)	223.78	+0.8	18.05	6.76	6.83	222.05	222.41	221.59	222.23	208.78
22	Breweries (14)	259.89	+0.6	17.05	6.73	6.86	258.45	259.97	260.21	263.62	230.13
23	Wines and Spirits (5)	302.78	−0.1	17.93	6.12	6.88	302.96	306.31	313.61	315.91	296.09
24	Entertainment, Catering (17)	305.90	+1.8	18.24	6.85	6.90	300.54	302.19	299.83	298.51	274.97
25	Food Manufacturing (19)	203.80	+0.4	19.86	7.14	6.22	203.01	202.32	202.05	201.42	245.90
26	Food Retailing (15)	307.34	−1.0	13.54	4.62	8.85	310.53	319.14	318.29	317.45	228.48
32	Newspapers, Publishing (13)	438.68	+2.3	22.83	6.85	5.98	428.91	428.69	427.53	425.56	381.08
33	Packaging and Paper (15)	130.28	+3.7	22.86	8.72	5.63	125.58	124.50	124.62	124.72	136.60
34	Stores (43)	222.96	+0.9	13.80	5.09	9.37	221.00	220.45	217.34	219.07	191.54
35	Textiles (23)	130.78	+0.8	28.16	12.40	4.49	129.78	130.33	130.41	130.17	175.81
36	Tobaccos (3)	220.95	+0.7	25.80	10.09	4.38	219.39	217.29	217.29	216.71	243.53
37	Toys and Games (6)	43.87	+0.4	37.31	16.32	3.38	43.69	43.82	43.37	43.54	90.67
41	OTHER GROUPS (97)	206.35	+1.2	15.38	6.54	7.88	203.97	202.86	201.34	199.72	193.73
42	Chemicals (17)	306.25	+2.0	16.06	6.58	7.19	300.26	296.98	294.83	295.78	274.43
43	Pharmaceutical Products (7)	219.97	+1.9	11.58	5.81	10.54	215.78	213.86	211.12	208.97	236.23
44	Office Equipment (6)	116.09	+0.8	18.87	7.04	6.24	115.13	115.37	115.62	108.05	126.78
45	Shipping (10)	435.86	+0.6	12.14	7.41	10.51	433.39	435.65	433.13	427.63	476.39
46	Miscellaneous (57)	240.24	+0.2	16.53	6.63	7.67	239.82	238.27	237.67	236.24	211.28
49	INDUSTRIAL GROUP (492)	229.15	+1.1	17.40	6.60	7.10	226.76	225.52	224.51	224.77	216.03
51	Oils (8)	751.53	+4.7	14.95	6.35	7.23	717.74	704.17	698.15	697.18	505.48
59	500 SHARE INDEX	270.49	+1.8	16.89	6.54	7.33	265.71	264.47	263.07	262.73	240.79
61	FINANCIAL GROUP (117)	165.47	+1.1	—	5.62	—	163.64	162.99	161.96	161.81	178.80
62	Banks (6)	228.75	+2.0	36.36	5.68	3.51	224.25	224.00	219.98	221.72	204.70
63	Discount Houses (10)	244.93	−0.3	—	8.32	—	245.56	246.96	243.27	243.01	209.28
64	Hire Purchase (5)	182.83	—	18.33	5.20	7.06	182.83	182.37	184.64	183.88	164.63
65	Insurance (Life) (10)	163.05	+1.0	—	6.45	—	161.40	160.78	161.04	159.67	153.63
66	Insurance (Composite) (9)	130.83	+1.4	—	7.42	—	128.99	129.34	128.64	127.49	118.37
67	Insurance Brokers (10)	290.67	−1.0	16.99	6.75	8.46	287.87	288.81	293.99	294.20	301.23
68	Merchant Banks (14)	99.70	+1.2	—	5.97	—	98.51	98.34	97.88	97.69	79.79
69	Property (44)	360.01	+2.5	3.66	2.99	39.13	351.20	351.05	346.28	342.84	276.66
70	Miscellaneous (9)	128.99	+0.6	16.31	7.07	8.15	128.24	127.90	128.45	127.50	112.61
71	Investment Trusts (109)	213.18	+0.3	—	5.79	—	212.54	211.40	211.99	210.42	211.25
81	Mining Finance (4)	198.88	+2.7	11.59	4.45	10.48	193.58	193.05	187.18	184.54	154.22
91	Overseas Traders (20)	389.38	+1.7	13.15	6.76	9.22	382.73	379.13	380.49	376.35	322.12
99	ALL-SHARE INDEX (750)	252.82	+1.7	—	6.29	—	248.60	247.45	246.12	245.18	222.60

FIXED INTEREST PRICE INDICES

	British Government	Tues., Jan. 29	Day's change %	xd adj. today	xd adj. 1980 to date
1	Under 5 years	101.40	+0.11	—	0.68
2	5-15 years	105.63	+0.10	—	1.88
3	Over 15 years	112.20	−0.04	—	0.42
4	Irredeemables	132.65	+0.11	—	0.00
5	All stocks	106.29	+0.05	—	0.86

FIXED INTEREST YIELDS

	British Govt. Av. Gross Red.		Tues., Jan. 29	Mon., Jan. 28	Year ago (approx.)
1	Low Coupons	5 years	12.09	12.10	10.29
2		15 years	12.09	12.09	12.01
3		25 years	12.09	12.09	12.01
4	Medium Coupons	5 years	13.74	13.73	13.47
5		15 years	13.62	13.71	13.47
6		25 years	13.59	13.62	13.47
7	High Coupons	5 years	14.66	14.70	13.80
8		15 years	14.22	14.22	14.00
9		25 years	13.80	13.80	13.07
10	Irredeemables		11.13	11.14	12.46

		Tues., Jan. 29 Index No.	Yield %	Mon. Jan. 28	Fri. Jan. 25	Thurs. Jan. 24	Wed. Jan. 23	Tues. Jan. 22	Mon. Jan. 21	Fri. Jan. 18	Year ago (approx)
15	20-yr. Red. Deb & Loans (15)	51.02	14.50	51.04	50.90	50.94	50.86	50.87	50.87	50.63	54.09
16	Investment Trust Prefs. (15)	48.45	13.64	47.88	47.96	47.96	47.96	47.91	47.83	47.78	50.12
17	Coml. and Indl. Prefs. (20)	62.31	14.40	62.02	62.03	62.01	62.01	61.96	61.86	61.81	71.14

† Redemption yield. Highs and lows record base dates and values and constituent changes are published in Saturday issues. A new list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 14p, by post 22p.

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1979-80 high	1979-80 low
BP	25p	11	362	+20	406	220½
Assoc. Dairies	25p	10	176	− 2	204	126
Racal Electronics	25p	10	241	+10	276	168½
Carless Capel	10p	8	86	+ 9	86	28
Decca A	25p	8	350	+15	407	230
Reed Intl.	£1	8	206	+13	206	149
RTZ	25p	8	416	+10	416	226
Burmah Oil	£1	7	194	+ 3	197	82
ICI	£1	7	389	+ 9	415	314
Robeco Sub. Shs.	Fl.5	7	397	+ 2	619	372
Selection Trust	25p	7	692	+12	692	442
Shell Transport	25p	7	364	+14	402	278
Western Mining	$A0.50	7	242	+ 3	242	121
BAT Inds.	25p	6	271	+ 1	362	230
GEC	25p	6	359	+ 6	456	311

OPTIONS

DEALING DATES

First Dealings	Last Dealings	Last Declaration	For Settlement
Jan. 21	Feb. 1	Apr. 24	May 6
Feb. 4	Feb. 15	May 8	May 19
Feb. 18	Feb. 29	May 9	Jun. 9

For rate indications see end of Share Information Service

Money was given or the call in Premier Oil, Charterhall, BP, Metal Exploration, RTZ, Charter Cons., Marshall Cavendish, Dunlop, Sound Diffusion, British *Aluminium, B & Q Retail, John* Brown, Lonrho, Bougainville, Mitchell Cotts, Vickers, Western Mining, Barker and Dobson, Carless Capel and Bertam Cons. No puts were dealt, but doubles were completed in Lasmo, Charterhall and Burmah.

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid Up	Latest Renunc. Date	1979/80 High	1979/80 Low	Stock	Closing Price p	+ or −	Div.	Times Covered	Gross Yield	P/E Ratio
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Bio Isl Chem. 10p	[illegible]		[illegible]			
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	B.P. New	[illegible]		[illegible]			
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Conder Intl.	[illegible]		[illegible]			
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Fitness Lighting	[illegible]		[illegible]			
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Haynes P'lish'g 20p	[illegible]		[illegible]			
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Spring Grove 10p	[illegible]		[illegible]			
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Werridhave NVDFL20	[illegible]		[illegible]			

FIXED INTEREST STOCKS

Issue Price £	Amount Paid Up	Latest Renunc. Date	1979/80 High	1979/80 Low	Stock	Closing Price £	+ or −
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Amber Day 10½% Cum. Red. Pref. '99-02	[illegible]	
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Aurora 9.85% Cum. Pref.	[illegible]	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Br'nam'th & District W'ter Red. Prf. 1986	[illegible]	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Bristol Waterworks 6% Red. Pref. 1984	[illegible]	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Cliffords Chas. 12% Cum. Pref.	[illegible]	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Dundonian 11¼% Cum. Conv. Pref.	[illegible]	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Felixstowe Dock 9¾% Cum Red Pref.	[illegible]	
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Hewitt (J.) 10% Cum. Pref.	[illegible]	
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Thorn Elec. 7% Con. Red. 2nd Cum Prf. '93	[illegible]	

"RIGHTS" OFFERS

Issue Price p	Amount Paid Up	Latest Renunc. Date	1979/80 High	1979/80 Low	Stock	Closing Price p	+ or −
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Associated British Engineering	[illegible]	
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Elson & Robbins	[illegible]	
[illegible]	Nil	[illegible]	[illegible]	[illegible]	Hammerson Prop. A	[illegible]	
[illegible]	Nil	[illegible]	[illegible]	[illegible]	Hanimex Corp.	[illegible]	
[illegible]	Nil	[illegible]	[illegible]	[illegible]	Pancontinental	[illegible]	
[illegible]	Nil	[illegible]	[illegible]	[illegible]	Paringa	[illegible]	
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Pilkington Bros	[illegible]	
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Westwell	[illegible]	

Renunciation date usually last day for dealing free of stamp duty. [illegible]

UNIT TRUST SERVICE

OFFSHORE & OVERSEAS—contd.

Lloyds Bk. (C.I.) U/T Mgrs. [illegible]

Lloyds Bank International, Geneva [illegible]

M & G Group [illegible]

Midland Bank Tst. Corp. (Jersey) Ltd. [illegible]

Samuel Montagu Ldn. Agents [illegible]

Murray, Johnstone (Inv. Adviser) [illegible]

Nat. Westminster Jersey Fd. Mgrs. Ltd. [illegible]

Negit S.A. [illegible]

Negit Ltd. [illegible]

Pacific Basin Fund [illegible]

Phoenix International [illegible]

Providence Capitol Life Ass. (C.I.) [illegible]

Quest Fund Mngmnt. (Jersey) Ltd. [illegible]

Richmond Life Ass. Ltd. [illegible]

Rothschild Asset Management (C.I.) [illegible]

Rothschild Asset Mgt. (Bermuda)
P.O. Box 664, Bk. of Bermuda Bld., Bermuda
Reserve Assets Fd. [illegible]

Royal Trust (C.I.) Fd. Mgt. Ltd. [illegible]

Save & Prosper International [illegible]

Schlesinger International Mngt. Ltd. [illegible]

Schroder Life Group [illegible]

J. Henry Schroder Wagg & Co. Ltd. [illegible]

Sentry Assurance International Ltd. [illegible]

Singer & Friedlander Ldn. Agents [illegible]

Standard Chartered Intl. Bd. Fd. [illegible]

Stronghold Management Limited [illegible]

Surinvest (Jersey) Ltd. [illegible]

Surinvest Trust Managers Ltd. [illegible]

TSB Unit Trust Managers (C.I.) Ltd. [illegible]

TSB Gift Fund Managers (C.I.) Ltd.
10 Wharf St., St. Helier, Jersey (CI). 0534 73494
TSB Gilt Fund [illegible]

Tokyo Pacific Holdings N.V. [illegible]

Tokyo Pacific Hldgs. (Seaboard) N.V. [illegible]

Tyndall Group [illegible]

Unilife Assurance (Overseas) Ltd. [illegible]

Union-Investment-Gesellschaft mbH [illegible]

Utd. Intnl. Mngmnt. (C.I.) Ltd. [illegible]

van Cutsem & Associates Ltd. [illegible]

S. G. Warburg & Co. Ltd. [illegible]

Warburg Invest. Mngt. Jrsy. Ltd. [illegible]

Wardley Investment Services Ltd. [illegible]

World Wide Growth Management [illegible]

Wren Commodity Trust [illegible]

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)
72-80, Gatehouse Rd., Aylesbury 0296 5941

Abbey Amer. Gth. Tst.	49.3	52.2	+0.5	1.92
Abbey Capital	35.6	38.5	+0.3	3.70
Abbey General	46.1	49.3	—	5.96
Abbey Gilt & F.I. Tst.	101.3	107.8	—	4.43
Abbey Income	40.8	44.1	-0.3	8.65
Abbey Intl. Bd. Tst.	94.4	98.2	+0.2	5.56
Abbey Inv. Tst. Fnd.	35.6	38.5	+0.3	6.06
Equitas Prog. Trust	69.8	74.6	+0.4	5.78

Allen Harvey & Ross Unit Tst. Mngrs.
45, Cornhill, London EC3V 3PB. 01-623 6314.

AHR Gilt & Pref.	91.3	96.2	—	13.12

Allied Hambro Group (a)(g)
Hambro Hse., Hutton, Brentwood, Essex.
01-588 2851 or Brentwood (0277) 211459

Balanced Funds

Allied 1st	75.5	80.8	+0.5	5.94
Brit. Inds. Fund	68.3	73.1	—	5.32
Growth & Income	40.3	43.5	—	5.86
Elect. & Ind. Dev.	36.9	39.5	+0.1	5.32
Allied Capital	75.4	80.7	+0.3	5.45
Hambro Fund	115.6	123.7	+0.3	5.94
Hambro Acc. Fund	141.8	151.7	+0.4	5.31

Income Funds

High Yield Fd.	69.3	74.1	-0.2	9.72
High Income	69.0	73.8	—	7.99
A. H. Eq. Inc.	39.6	42.4	—	8.25

International Funds

International	28.8	30.8	+0.2	2.67
Pacific Fund	44.6	47.7	+0.3	2.39
Secs. Of America	61.1	65.4	+1.0	2.14

Specialist Funds

Smaller Co.'s Fd.	46.9	50.2	+0.1	4.68
2nd Smlr. Co's Fd.	56.2	60.0	+0.1	4.50
Recovery Sits.	112.7	120.6	+0.1	6.43
Met. Min. & C'dty.	56.8	60.8	+0.9	4.85
Overseas Earnings	57.6	61.6	+0.3	5.52

Exempt Funds

Far East Exempt	52.9	55.8	+0.3	3.22
Smaller Co. Exempt	72.7	76.9	+0.3	5.11
U.S.A. Exempt	108.2	112.5	+1.3	3.11

Anderson Unit Trust Managers Ltd.
158, Fenchurch St., EC3M 6AA. 623 9231

Anderson U.T.	55.9	60.2	+0.3	5.68

Ansbacher Unit Mgmt. Co. Ltd.

Discretionary Unit Fund Managers
22 Blomfield St., EC2M 7AL. 01-638 4485

Dis. Inc. Jan. 25	200.8	214.1	—	5.54

E. F. Winchester Fund Mngt. Ltd.
44, Bloomsbury Square, WC1A 2RA 01-623 8893

Great Winchester	16.8	18.6	—	6.24
Gt. Winchester O'seas	19.6	21.8	—	2.52

Emson & Dudley Tst. Mngmnt. Ltd.
20 Albemarle St., W1. 01-493 3211

Emson Dudley Tst.	69.6	74.4	—	6.00

Equity & Law Un. Tr. M.♥ (a)(b)(c)
Amersham Rd., High Wycombe. 0494 33377

Equity & Law	74.5	78.4	+0.2	5.07

Fidelity International Management Ltd.
62-63, Queen St., London, EC4R 1AD. 01-248 4891

American	27.6	28.8	+0.4	1.0
Fixed Interest	25.2	26.4	+0.1	12.6
Growth + Income	28.4	29.9	+0.1	7.80
Special Sits.	28.5	30.1	+0.4	3.00

James' Finlay Unit Trust Mngt. Ltd.
10-14, West Nile Street, Glasgow. 041-204 1321

J. Finlay Internat'l	26.4	28.4	—	2.20
Accum. Units	32.1	34.5	—	2.20
J. Finlay High Income	32.7	35.2	—	9.62
J. Finlay Euro.Fin.	23.2	24.9	—	3.25
Accum. Units	28.7	30.8	—	5.52
J. Finlay Fd. In. Tst.	30.9	33.2	—	5.52
Accum. Units	37.3	40.1	—	5.76

Prices on Jan. 25. Next dealing Jan. 30.

Framlington Unit Mgt. Ltd. (a)
64, London Wall, EC2M 5NQ. 01-628 5181

American	54.0	57.4	—	1.27
American Turnaround	53.2	56.4	—	2.00
Capital Tst.	52.0	55.2	—	4.90
(Accum. Units)	52.0	55.2	—	4.90
Income Tst.	36.6	38.8	+0.2	8.50
Int. Growth Fd.	44.4	47.2	+0.4	2.15
(Accum. Units)	47.0	49.8	+0.4	2.15

Friends' Provdt. Unit Tr$ Mgrs.♥
Pixham End, Dorking. 0306 5055

Friends Prov. Units	48.6	51.9	-0.2	4.90
Do. Accum.	66.9	71.5	-0.3	4.90

Funds in Court*
Public Trustee, Kingsway, WC2. 01-405 4300

Capital Jan. 17	111.0	113.7	—	5.10
Gross Inc. Jan. 17	72.9	75.2	—	11.03
High Yield Jan. 17	85.3	88.2	—	10.24

*Unauth. Restricted to monies under Court control.

G.T. Unit Managers Ltd.♥
16 Finsbury Circus, EC2M 7DD 01-628 8131

G.T. Cap. Income	116.3	123.7	+2.3	3.20
Do. Acc.	144.4	153.6	+2.8	3.20
G.T. Inc. Fd. Un.	175.2	186.3	+1.8	8.10
G.T. U.S. & Gen.	155.3	165.2	—	2.00
GT Wld. Bd. Fd.	99.2	102.0	-0.2	5.30

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OFFSHORE & OVERSEAS FUNDS

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MINES—Continued

CENTRAL AFRICAN

1979-80 High	Low	Stock	Price	+ or –	Div. Net	Cvr	Y'ld Gr's
430	97	Coronation	390	+20	Q54c	2.2	7.9
675	132	Falcon Rh.50c	650	+20	Q100c	1.7	10.6
48	11	Rhod'n Corp. 16½p	41	......	0.56	6.5	2.0
267	70	Roan Cons. K4	232	–8	Q0.125	ϕ	3.3
67	26	Wankie Col. Rh.1	58	+1	Q9c	1.5	10.7
57	9	Zam.Cpr.SBD0.24	48	+1	—	—	—

AUSTRALIAN

1979-80 High	Low	Stock	Price	+ or –	Div. Net	Cvr	Y'ld Gr's
28	18	Acmex 50c	23	......	—	—	—
18	4	ACM 20c	18	......	—	—	—
91	50	Bond Corp.	91	......	Q3.75	2.2	2.1
176	100	Bougainville 50 Toea	176	+7	†Q19.8c	1.0	5.6
265	84	BH South 50c	265	......	—	—	—
12	12	Canada Northwest	12	......	—	—	—
26	8	Carr Boyd 20c	25	–1	—	—	—
£25	340	Central Pacific	£23½	+¼	—	—	—
318	170	Conzinc Riotinto 50c	288	+2	NQ10c	2.8	1.8
36	14	Cultus Pacific N.L.	22	......	—	—	—
*50	21½	Eagle Corp. 10c	48	–2	—	—	—
23½	11	Endeavour 20c	23½	......	—	—	—
228	62	G. M. Kalgoorlie 25c	202	–1	Q3c	—	0.8
305	148	Hampton Areas 5p	300	–5	3.5	2.8	1.7
*75	20	Haoma Gold N.L.	32	–3	—	—	—
72	25	Metals Ex. 50c	72	+1	—	—	—
304	134	M.I.M. Hldgs. 50c	302	+7	†hQ16.1c	1.8	2.8
25	15	Minefields Expl.	19	......	—	—	—
136	30	Mount Lyell 25c	136	+2	—	—	—
44	13	Newmetal 20c	24	......	—	—	—
167	91	††North B. Hill 50c	166	+5	Q12c	1.4	3.7
57	4½	Nth. Kalgurli	52	......	—	—	—
165	45	Nth. Mining Corp.	140	–4	—	—	—
71	18	N. West Mining N.L.	26	......	—	—	—
193	76	Oakbridge $A1	184	......	Q12c	4.7	3.4
112	22	Otter N. L.	96	–1	—	—	—
144	58	Pacific Copper	144	+8	—	—	—
*575	125	Pancont'l 25c	390	–15	—	—	—
*62	2	Paringa M&Ex.5p	56	+1	—	—	—
450	248½	Peko-Wallsend 50c	450	+10	†Q17.5c	ϕ	[illegible]
217	125	Seltrust A	198	–2	—	—	—
900	145	Southern Pacific	850	+5	—	—	—
*65	8½	Swan Resources 20c	65	+5	—	—	—
16	12	West Coast 25c	13	......	—	—	—
242	121	Westn. Mining 50c	242	+3	Q7c	1.6	1.6
28	8	Westmex	20	......	—	—	—
94	40	Whim Creek 20c	86	–2	—	—	—
25	10½	York Resources	15½	......	—	—	—

TINS

1979-80 High	Low	Stock	Price	+ or –	Div. Net	Cvr	Y'ld Gr's
30	23	Amal. Nigeria	27xd	......	1.0	1.9	5.3
435	265	Ayer Hitam $M1	295	......	Q290c	0.9	20.0
72	48	Beralt Tin	66	......	4.5	ϕ	9.7
270	149½	Berjuntai $M1	155	+5	†Q95c	1.0	‡
190	125	Geevor	165	+5	8.71	3.1	7.5
11	8	Gold & Base 12½p	11	......	—	—	—
365	295	Gopeng Cons.	335xd	......	25.0	ϕ	10.7
370	289	Hongkong	300	......	35.87	ϕ	17.1
98	64	Idris 10p	93xd	......	†8.0	1.6	12.3
15	9½	Jantar 12½p	15	+1	—	—	—
95	38	Kamunting $M0.50	65	......	Q47½c	1.1	16.4
620	210	Killinghall $M1	300	......	Z060c	—	4.1
585	365	Malay Dredging $M1	560	......	†Q105c	2.6	3.8
57	26	Pahang	27	......	0.44	0.3	2.4
123	60	Pengkalen 10p	100xd	......	6.0	ϕ	8.7
275	195	Petaling $M1	235	......	Q150c	ϕ	13.0
87	53	Saint Piran	58	–2	‡2.5	6.4	‡
58	34	South Crofty 10p	40	......	‡3.0	2.0	‡
230	170	South Kinta $M0.50	205	+5	Q150c	1.0	14.9
430	285	Sthn Malayan $M1	360	......	Q175c	2.1	9.9
310	210	Sungei Besi $M1	245	+5	†Q520c	1.0	43.5
75	25	Supreme Corp. $M1	35	......	Z010c	—	5.8
105	93	Tanjong 15p	100xd	......	7.5	0.7	11.0
115	90	Tongkah H. Tin	90	......	Q45c	1.3	11.2
280	190	Tronoh $M1	240	+10	†Q25c	5.2	2.1

COPPER

1979-80 High	Low	Stock	Price	+ or –	Div. Net	Cvr	Y'ld Gr's
190	56	Messina R0.50	182	......	Q10c	ϕ	3.1

MISCELLANEOUS

1979-80 High	Low	Stock	Price	+ or –	Div. Net	Cvr	Y'ld Gr's
81	54	Barymin	65	+1	—	—	—
14½	10	Burma Mines 17½p	13	......	—	—	—
460	170	Cons. Murch. 10c	407	+2	Q100c	ϕ	14.1
585	280	Northgate C$1	490	–25	—	—	—
416	226	R.T.Z.	416	+10	†11.5	3.4	4.0
31	12	Robert Mines	27	+3	—	—	—
65	26	Sabina Inds. C$1	40	+2	—	—	—
880	470	Tara Exptn. $1	540	+10	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- †† Unlisted security.
- # Price at time of suspension.
- § Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ◆ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♠ Excluding a final dividend declaration.
- ✤ Regional price.
- ‖ No par value.

§§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1978-79. K Figures based on prospectus or other official estimates for 1979-80. M Dividend and yield based on prospectus or other official estimates for 1980. N Dividend and yield based on prospectus or other official estimates for 1979. P Figures based on prospectus or other official estimates for 1978-79. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xR ex capital distribution.

"Recent Issues" and "Rights" Page 30

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £500 per annum for each security

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Albany Inv. 20p	27	......
Bertam	18	......
Bdg'wtr. Est. 50p	365	......
Clover Croft	58	......
Craig & Rose £1	£10½	......
Dyson (R. A.) A	13	......
Fife Forge	39	......
Finlay Pkg. 5p	19	......
Graig Ship. £1	950	......
Higsons Brew	79	......
Holt (Jos) 25p	255	......
I.O.M. Stm. £1	188	......
Pearce (C. H.)	365	......
Peel Mills	34	......
Sheff. Refrshmt	98	......
Sindall (Wm.)	165	......

IRISH

Conv. 9% '80/82	£86	......
Nat. 9¾% 84/89	£71	–¼
Fin. 13% 97/02	£85¼	+¼
Alliance Gas	66	......
Arnott	340	......
Carroll (P.J.)	53	......
Clondalkin	105	+5
Concrete Prods.	85	......
Heiton (Hldgs.)	35	......
Ins. Corp.	200	......
Irish Ropes	66	......
Jacob	35	......
T.M.G.	140	+5
Unidare	82	......

OPTIONS
3-month Call Rates

Industrials					
A. Brew	8	I.C.L.	22	Utd. Drapery	9
BOC Intl.	6	"Imps"	7	Vickers	14
B.S.R.	5	I.C.I.	45	Woolworths	6½
Babcock	12	Inveresk	5	**Property**	
Barclays Bank	30	Ladbroke	15	Brit. Land	7
Beecham	13	Legal & Gen.	14	Cap. Counties	9
Blue Circle	25	Lex Service	10	Land Secs.	25
Boots	17	Lloyds Bank	24	MEPC	17
Bowaters	16	"Lots"	3½	Peachey	13
B.A.T.	25	London Brick	6	Samuel Props.	12
Brown (J.)	7	Lucas Inds.	20	Town & City	2
Burton 'A'	22	"Mams"	14	**Oils**	
Cadburys	5½	Mrks. & Spncr.	9	Brit. Petroleum	28
Courtaulds	8	Midland Bank	30	Burmah Oil	15
Debenhams	8	N.E.I.	5	Charterhall	6½
Distillers	21	Nat. West. Bank	32	KCA	6½
Dunlop	5½	P & O Dfd.	9	Premier	4½
Eagle Star	14	Plessey	10	Shell	28
F.N.F.C.	1¾	Racal Elect.	20	Tricentrol	27
Gen. Accident	21	R.H.M.	4½	Ultramar	32
Gen. Electric	30	Rank Org.	18	**Mines**	
Glaxo	40	Reed Intnl.	17	Charter Cons.	18
Grand Met.	12	Sears	5½	Cons. Gold	40
G.U.S. 'A'	30	Tesco	7	Lonrho	9
Guardian	23	Thorn	25	Rio T. Zinc	35
G.K.N.	22	Trust Houses	14		
Hawker Sidd.	16	Tube Invest.	27		
House of Fraser	12	Unilever	40		
		U.D.T.	4		

A selection of Options traded is given on the London Stock Exchange Report page

FINANCIAL TIMES

Wednesday January 30 1980

Ulster talks fail to find devolution formula

By Stewart Dalby

HOPES of agreement on a return of devolved Cabinet style government to Northern Ireland, on a majority rule or a power-sharing basis, have evaporated.

The constitutional conference on Northern Ireland which continues today and will resume next week, will probably narrow down to discussion about the more limited objective of a non-executive legislature, possibly backed up by a system of committees.

It was always a faint possibility that a fully-devolved executive could be re-established in Northern Ireland. It would not have had powers to initiate primary legislation, but would have had independence to administer the subvention from Westminster and to control most areas except defence, foreign affairs, and the raising of finance. But statements by Mr. Ian Paisley, the main Unionist delegate, have ruled this out.

Mr. Paisley had specific proposals on the question of Roman Catholic minority representation to put to the conference. But they depended on the Catholic representatives accepting the principle that any Cabinet should be made up by the majority Unionists.

Mr. John Hume, SDLP leader and the main Catholic representative, has made it clear that his minimum demand is minority participation in a Cabinet, had this emerged as the favourite ruling body.

The conference will probably concentrate on finding what are being called "second notch" arrangements. The Northern Ireland Office had no great expectations of a fully devolved solution. It was seeking the maximum agreement possible, so that by the summer the Government could put proposals to Parliament. The Government could either impose them, or submit them to a referendum of the province's 1½m people in the autumn.

At present, Northern Ireland is governed by direct rule from Westminster. The next tier of Government is represented by 26 virtually powerless district councils. There are no county councils.

None of the three main political parties attending the conference (the fourth, the official Unionist Party is boycotting the talks) are keen on the idea of more than one regional council.

The opposition to this stems from the belief that such a system would prevent proper legislative or even administrative powers from being devolved. For example, it would be difficult for three separate councils to implement the coordinated education programme.

Even if agreement were reached on one non-executive assembly elected by proportional representation, there would still remain the knotty problem of what kind of committee system would support it.

Without a Cabinet, there would have to be committees. But would they be administrative, advisory, or responsible for drawing up legislation? Furthermore, would their chairmen be appointed on a power-sharing basis? In some circumstances, committee chairmen could virtually assume the power of de factor Cabinet Ministers.

It seems unlikely that Mr. Paisley would agree to committee chairmen receiving such powers.

Chairman of Decca dies

By Christine Moir

SIR EDWARD LEWIS, chairman of Decca for nearly 50 years, died yesterday morning four days after signing an agreed bid for his company from Racal Electronics. He would have been 80 in April.

During the week of bargaining, which led to publication last Friday of the terms of the £66m all-share offer from Racal, Sir Edward had been suffering from influenza.

In spite of his illness he remained actively interested in the negotiations throughout.

However, legal arrangements were made to ensure that his death would create no complications for the bid. Sir Edward owned, or controlled through family trusts, just under 10 per cent of Decca's voting capital and had already irrevocably accepted the bid on behalf of these holdings. That commitment still stands. County Bank, Decca's advisers, stressed yesterday.

The official offer document outlining Racal's bid for Decca is likely to reach shareholders by the end of next week.

At a special Decca Board meeting yesterday, Mr. Nigel Graham Maw, the deputy chairman, was appointed chairman.

Obituary, Page 6

Plan for special EEC fund for Britain

BY JOHN WYLES IN BRUSSELS

BRITAIN'S battle for a reduction in its net contribution to the EEC budget—expected to be £1.2bn—enters its second phase today, when the 13 members of the European Commission discuss proposals for increasing Community spending in the UK.

The main feature of the plan is its endorsement of the idea of creating a special fund within the EEC budget for spending in Britain.

Senior officials in the commission's secretariat who have framed the proposals suggest that the fund could be spent on policies which clearly support the Community's aim of reducing economic disparities within and between member states.

The proposals are understood to point to the possibility of supporting UK Government spending projects in Ulster; in areas affected by the decline of traditional industries; on urban renewal projects; road-building schemes, and projects for boosting coal production.

No figure is attached to the possible size of the fund, since this has to be negotiated by member governments and almost certainly will not be settled before the next heads of government summit in Brussels. This is due to take place before the end of March. The plan may be amended after discussion by the commission today and will be sent for examination by permanent officials of the Nine next week.

Its basic premise is that there is insufficient scope within the existing pattern of Community spending to offer much help to the British. Thus, the agricultural policy—which constitutes 75 per cent of the budget—cannot offer any swift windfalls and neither can regional and social spending, where national shares are largely determined by quotas.

Moreover, additions to these sections of the budget would make the extra money available to all members, thereby defeating the object of the exercise.

The proposals are believed in Whitehall to offer a good basis for negotiation. Commissioners are expected to be divided at today's meeting about the document's re-affirmation of their position before the EEC summit in Dublin that special aid for the British should last only three to four years.

The UK wants a solution that lasts "as long as the problem lasts," and has favoured, unsuccessfully, a system aimed at bringing British receipts into line with the average receipts per head of population throughout the EEC. Community spending in the UK is only 49 per cent of this average.

Whatever increased spending is finally agreed would be in addition to the £350m reduction in Britain's budget payments broadly agreed in Dublin, but without clear endorsement from France. Other EEC governments will start discussions next week to find out how much money the UK wants. Subsequent negotiations will be a severe test of UK tactics and, ultimately, its willingness to compromise.

EIB loan for Britain, Page 3

Ministers agree on Community fish catch

By John Wyles in Brussels

EEC Fisheries Ministers made tentative moves last night toward restoring order to the Community's fishing policy by agreeing on a total admissible catch for 1980 allied to monitoring provisions.

The Commission's surveillance proposals will require member-States to send on the 15th of each month details of the total quantities of fish unloaded. By July 1 captains will be obliged to carry a log book and make a declaration of their catch at the time of unloading.

The second phase of the reporting system, still to be negotiated, will be measures, including possible closure of fisheries, to be taken when the admissible catch for a species is exhausted.

Agreement about how to protect the Community's dwindling fish stocks and share out the catches has been a dominant feature of the EEC Fishery Council's meeting for the last two years. The UK has consistently argued for greater conservation.

It also wanted a larger share of the catch than other member-countries would concede, and has aroused much resentment by unilateral measures to conserve stocks.

Against this background last night's agreement on a catch for 1980, lower in total than for last year, and a set of surveillance procedures for monitoring compliance, is considered to be progress.

Previous agreements on total admissible catches have been flouted because of lack of effective surveillance. Now it is generally agreed that the ground has been laid for negotiations on a quota system.

These are likely to take place at the Ministers' next meeting on March 4. As yet there is no indication of how much of the total catch Britain will demand, but it will almost certainly be more than the 25 per cent the Commission proposed in 1978.

Britain says that 60 per cent of the Community's waters are British, and that two-thirds of the catch of EEC boats is in these waters.

Swiss bank secrecy

Swiss Finance Minister Willi Ritschard, a member of the Socialist party, has said he will oppose his party's plan to reduce banking secrecy, which is to be put to public referendum, Reuter reports from Berne. Mr. Ritschard said in an interview he will maintain solidarity with the rest of the Cabinet on this matter.

Letchworth plant to close

BY JOHN GRIFFITHS

BORG-WARNER is to close its automatic transmissions plant at Letchworth Garden City, Herts, with the loss of up to 700 jobs.

Production will be concentrated at its Kenfig Hill, South Wales, subsidiary which employs 1,450 people in an area facing the loss of 7,000 to 8,000 jobs if British Steel Corporation plans to halve output at its Port Talbot works go ahead.

The move follows a sharp decline in orders from UK and Continental makers.

The decision to end production at Letchworth, which houses the automatic transmission division's UK headquarters, comes less than two weeks after the U.S.-owned company unveiled plans to cut employment at Kenfig Hill by 600 and by only 200 in the Garden City. That announcement was followed by meetings in Chicago last week between the UK management and executives of the U.S. parent.

Last night, Borg-Warner said there would now be no redundancies in Wales. Up to 100 Letchworth employees would be offered jobs there.

The company will keep open its engineering centre at Letchworth. This employs about 60 people. Work includes the development of a continuously variable transmission for light cars. Such transmissions are widely expected to be used extensively in small front-wheel-drive cars in Europe and the U.S. by the end of the 1980s.

Mr. Peter Whyman, Borg-Warner's UK managing director, said yesterday orders for its transmissions from its main customers—BL, Saab, Volvo and Lotus—had dropped heavily. The company broke even on 128,000 units in 1978. But a rise expected last year—in June, the company was expecting sales of 144,000 units for 1979—failed to materialise, mainly because of the engineering and BL disputes.

With UK car sales expected to fall to about 1.51m this year from last year's record 1.71m, and Continental production expected to remain static, Borg-Warner had been obliged to face up to cold market facts, Mr. Whyman said.

Production at Letchworth, where Borg-Warner is one of the biggest employers with a labour force of 835, will start being phased out from April. Closure will be completed by the end of the year.

Mr. Ron Farr, the company's divisional industrial relations director, said the employees who will lose their jobs would be offered redundancy terms "above the legal requirements."

BR may seek private investment

BY LISA WOOD

BRITISH RAIL confirmed yesterday that it was examining ways to attract private investment into its subsidiary companies as one method of overcoming the present cash shortages and helping the businesses develop and expand.

Last week Mr. Norman Fowler, Transport Minister, told the new Select Committee of MPs on transport that his department was considering possible openings for private investment in British Rail's hotels, Hovercraft property, and Sealink operations.

BR, whose rail business lost almost £10m in the first six months of last year, is among the nationalised industries which have asked for a meeting with the Chancellor of the Exchequer, to put their cases for exemption from the Government's proposed spending cuts.

On New Year's Day the British Rail board told the rail unions that it could not afford to implement part of an arbitration award of pay. The official reason was that BR, which had its total external financing limit for the year ending in March cut by £15m to £715m in the Budget, would have no money available in this financial year.

Mr. Michael Bosworth, deputy chairman of British Rail, said the corporation did not plan to sell off the board's subsidiaries. He believed that together these produced a better result than they would by operating separately. Involving private capital in partnership with BR was likely to improve the long-term financial position of individual companies and the group as a whole, as well as staff employment prospects, he said.

He added: "I cannot for reasons of commercial confidence give details of all the possibilities. In some cases, we are looking at public-private sector companies and in others, where the profit record is satisfactory, we are examining the possibility of some shareholding being available to the public."

Mr. D. D. Kirby, managing director of Sealink UK, said yesterday that he did not seek change for change's sake. His over-riding concern was to see that his company continued to operate profitably, competed effectively in an expanding market and achieved the financial objectives agreed with the BR Board and the Government. But

Moslem states condemn Russia

BY RICHARD JOHNS IN ISLAMABAD

THE FIRST extraordinary session of the Islamic Conference ended yesterday with one of the strongest condemnations of the Soviet Union ever mounted by Third World countries.

The conference adopted a resolution condemning "armed aggression against Somalia" and denouncing the "presence of the military forces of the Soviet Union and some of its allies in the Horn of Africa."

This followed Monday's strong and comprehensive condemnation of the Soviet Union's invasion of Afghanistan in a resolution which called for the immediate withdrawal of Russian troops.

But the outcome of the conference also reflected a careful balance in which condemnation of Soviet action was counter-balanced by criticism of the U.S. and a warning that Moslem countries would not allow themselves to be used as a pawn between the Super Powers.

The conference criticised the U.S. for imposing sanctions against Iran in retaliation for the holding of American hostages in Tehran. It called on Iran and the U.S. to "resolve the outstanding problems between themselves by peaceful means."

Mr. Agha Shahi, Pakistan's Secretary General for Foreign Affairs, said the conference had demonstrated the cohesion of the Islamic world and that its uncompromising stand would have a far-reaching impact on events not only in the region around Afghanistan but far beyond.

The conference was called to discuss the Soviet military intervention in Afghanistan and the coup last month which installed the Government of President Babrak Karmal.

It declared the new government illegal, suspended it from the Islamic Conference Organisation and called for a diplomatic and political boycott.

Editorial comment, Page 18

Continued from Page 1

Steel strike

ment of the employers in their appeal and the unfair treatment given to us."

Mr. Sirs acknowledged that refusal to comply with Lord Denning's order could have prejudiced the union's chances with the Law Lords.

The executive meeting was lobbied by a large contingent of strikers urging their national representatives to ignore the Court of Appeal.

In the afternoon some hundreds massed outside the Law Courts in the Strand demanding to talk to Lord Denning.

A delegation of four was admitted to speak to a clerk of Lord Denning's office. According to the men a message was sent through to the court, where Lord Denning was hearing a case.

• Elinor Goodman writes: Sir Charles Villiers, chairman of BSC, held out little hope of an early settlement when he spoke to a private meeting of Tory backbenchers.

They asked many questions, but there was apparently little criticism of the management's handling of the dispute.

Sir Charles, who was accompanied by Mr. Bob Scholey, BSC chief executive, gave detailed figures on the offer, but the general impression left at the meeting was of the difficulty of finding a solution.

Continued from Page 1

Lloyd's

traded in their models earlier than the contract date. So leasing companies claimed on insurance.

Lloyd's underwriters allege that the bribes in this case were paid to Mr. Acker by Intercap, the leasing group, in order to induce Southwestern to participate in the leasing scheme.

The underwriters claim that Southwestern intended to exercise its right to terminate the lease after a fixed period and that the declared termination values "were the result of artificially inflated sales prices."

The action alleges that there was material misrepresentations, failure to disclose material facts and fraud.

Weather

UK TODAY

Mostly bright with a possibility of showers later on.

London, S., E. England, Midlands, N. Wales

Sunny periods, mild. Max. 9C

Channel Islands, S.W. England, S. Wales

Sunny intervals, becoming cloudy. Rain possible later. Mild. Max. 11C (52F).

N.W. England, Isle of Man, N.E. England, N. Ireland

Mainly dry, bright intervals. Rain possible later. Max. 6C (43F).

Borders, S. Scotland

Cloudy. Showers later. Max. 6C (43F).

N. Scotland

Some snow on mountains. Hill fog. Max. 4C (39F).

Shetland

Occasional rain or sleet. Max. 2C (36F).

Outloko: Occasional rain with sunny intervals. Snow showers *in the north. Becoming colder.*

WORLDWIDE

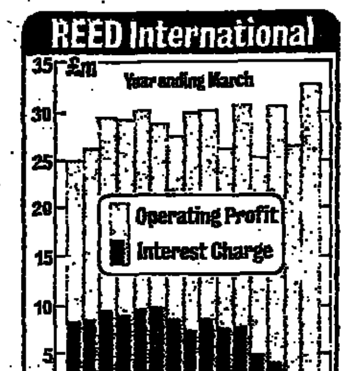
		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	F	13	55	Locarno	S	4	39
Algiers	C	16	61	London	F	8	46
Amsdm.	R	1	34	Luxor	S	23	73
Athens	S	8	46	Madrid	S	10	50
Bahrain	S	20	68	Majorca	F	14	57
Barclna.	S	13	55	Malaga	F	15	59
Beirut	F	11	52	Malta	C	11	52
Belfast	C	7	45	M'chstr	R	5	41
Belgrd.	C	1	34	Melbne.	S	25	77
Berlin	S	−2	28	Mex. C	S	23	74
Biarritz	S	16	61	Mntreal	C	−15	5
Bmghm.	R	5	41	Moscow	Sn	−21	−6
Blackpl.	R	5	41	Munich	C	1	34
Bordx	S	12	54	Nairobi	R	22	72
Boulgn.	F	6	43	Naples	C	8	46
Bristol	C	7	45	Nwcstl.	R	3	37
Brussels	C	4	39	N. York	C	−2	28
Budpst.	C	−5	23	Nice	S	13	55
Cairo	S	19	66	Nicosia	C	10	50
Cardiff	R	6	43	Oslo	F	−7	19
Cape T.	S	24	75	Paris	S	6	43
Chicago	C	−13	8	Prague	Sn	−4	25
Cologne	C	3	37	Reykjvk.	F	1	34
Cpnhgn.	Sn	−1	30	Rhodes	S	8	46
Corfu	S	10	50	Rio J'o	S	30	86
Dublin	C	8	46	Rome	R	9	48
Dbrvnk.	C	3	37	Salzbg.	C	1	34
Ednbgh.	C	3	37	Singapr.	S	30	87
Faro	C	15	59	Stckhm.	C	−5	23
Florence	C	7	45	Strasbg.	C	3	37
Frankft.	C	2	36	Sydney	C	32	91
Funchal	F	19	66	Tangier	F	15	59
Geneva	F	4	39	Tehran	S	3	38
Gibrltr.	C	15	59	Tel Aviv	C	12	54
Glasgow	R	4	39	Tenerife	S	16	61
G'nsey	F	7	45	Tokyo	C	10	50
Helsinki	Sn	4	39	Toronto	Sn	−3	25
H. Kong	C	24	75	Tunis	F	13	55
Innsbrk.	F	1	34	Valencia	S	13	55
Invrnss.	Fg	2	36	Venice	S	3	37
I.o Man	R	6	43	Vienna	Sn	−6	21
Jersey	F	5	41	Warsaw	S	−7	19
Jo'burg	S	24	75	Zurich	C	4	39
L. Plms.	S	19	66				

C—Cloudy. F—Fair. Fg—Fog. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow.

THE LEX COLUMN

Witnesses for the prosecution

Index rose 10.4 to 464.0



If a survey sponsored by brokers Grieveson Grant is right, the Stock Exchange Council may get much less support than it expects from institutional investors when its case comes up in the Restrictive Practices Court. Whether fund managers will go into the witness box to give evidence against the Stock Exchange quite so readily as they ventured anonymous opinions to Mr. Francis Kinsman, in private interviews, is open to doubt. Yet it is impossible to ignore the implications of the fact that most of the 24 senior investment managers interviewed thought that the Stock Exchange would lose its case. Of the 16 who ventured an opinion on the subject, none expected that the present single capacity system would last more than 5 or 10 years. Almost half the panel was perfectly prepared to accept a market in which there was dual capacity.

The clear message comes over that the institutions resent the way that the Stock Exchange is run like a private club. Decisions are taken by the Council and, ultimately, by the membership which elects it. Yet the institutional fund managers provide more and more of the business, and plainly feel that their views are not being heard. They take a jaundiced view of the prospect of the "jobber-orientated" Council fighting a last ditch battle to preserve a system which is no longer favoured by most of its customers.

Certainly the survey makes punchy reading. But it has to be said that the Stock Exchange makes an easy Aunt Sally. It is highly convenient to be able to deflect criticism on to other people. When it comes to prickly subjects very close to home as far as the fund managers are concerned, they are quick in this survey to gloss over the problems; such subjects as disclosure of information about pension funds, and intervention in the affairs of badly managed companies, can be mentioned here.

As for the institutions' impression that they are being ignored, that must be very largely because their views are so seldom expressed. Top level contacts through bodies like the LOA or NAPF, and the activities of talking shops on the lines of the Council for the Securities Industry, do not seem to be reflecting the strong views of some of the rank and file among fund managers.

Elsewhere the survey brings out the preoccupation of fund managers with the limitation of the stock market's dealing capacity. But the institutional notion that this is something to *do with shortage of capital in* the market is an old red herring.

The survey, too, takes the lid off the seething revalries and conflicts of interest that are to be found within the square mile. Merchant banks, in particular, are furious at brokers who compete against them when they pitch for pension fund management contracts. On the other hand, it is far from unknown for banks to cream off commissions through the "wholesale/retail" split.

A lot of curious City practices could be dragged through the Court. But the main message to emerge from the survey is that the institutions will be reluctant to see the Stock Exchange Council expend much time, effort and money in a vain attempt to save the present system. That would bring the danger that the stock market could be pitched unprepared into a new system when what is needed is a planned and orderly transition.

Reed International

Pre-tax profits at Reed International are still basking in the warm glow of lower gearing: operating profits rose 7 per cent in the third quarter of the year to March, but at the pre-tax level there was a 30 per cent increase to £29.9m. With interest rates at present levels the sale of the Dryden operation in Canada at the end of December will probably have a positive net impact on earnings.

Reed is still holding on to the core of its Canadian paper business—for the time being, at least — and very profitable it is turning out. Volume remains high and prices have risen 40 per cent in local currency terms in just over a year —on the other side of the foreign exchanges, though, the UK paper-making business is now running at a loss.

This year, Reed should make £110m pre-tax, but recession in the UK and North America make it unlikely that it will do as well in 1980-81, a year in which there will be little additional benefit from lower gearing, and in which earnings per share will no longer be flattered by the carrying forward of tax losses. So far, somewhat to its surprise, Reed is not experiencing significantly lower demand for packaging in the UK, and, on the publications side, advertising is *holding up well.*

Although the shares have been strong recently (rising 13p yesterday to 206p) there still *seem to be fears that Reed is vulnerable to the sort of vicious* cyclical downturn that hit it in 1975-76, when pre-tax profits fell *to £37m* from £85m. But the withdrawal from the feast-to-famine heavy end of the paper industry should protect the group from the worst, and the strong—and now highly liquid —balance sheet is comforting.

In addition, the rating of the shares is still fairly cautious. Even if profits fell to £80m, the p/e would still be under 7, fully-taxed. There is some doubt as to what level of final dividend Reed will pay, but 15p gross for the year seems likely enough, giving a yield of 7.3 per cent.

Hoechst

Hoechst is raising DM 317m via a rights issue and lifting its dividend from DM 6 to DM 7 per share—an increase which has been well discounted, and is likely to be matched by Bayer and BASF. As tends to be the way in Germany, the issue looks insignificant for a company of Hoechst's size—it represents not much more than one year's dividend payment—but it will modestly improve balance sheet ratios which were beginning to look a little stretched. At the last count, stockholders' equity amounted to DM 5.5bn out of a balance sheet total of DM 20.9bn.

Meanwhile the shares stand close to their recent low point, and yield around 9 per cent to a German investor. That compares favourably with the yield on long term bonds, but then the dividend has still not been restored to the level of 1976, and the chances of any further increase in the next year or two look slim.

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